

## RISK FACTORS

*Potential investors should consider carefully all the information set out in this document and, in particular, should consider and evaluate the following risks and uncertainties associated with an investment in the Company before making any investment decision in the Shares. The Group's business, financial condition and results of operations could be materially and adversely affected by any of these risks and uncertainties. The trading prices of the Shares could decline due to any of these risks, and you may lose all or part of your investment.*

### RISKS RELATING TO THE GROUP'S BUSINESS

#### **The Group's past revenue and profit margin may not be indicative of the Group's future revenue and profit margin**

For the year ended 31 December 2013 and 31 December 2014 and the three-month period ended 31 March 2015, the Group's revenue amounted to approximately HK\$145.5 million, HK\$135.5 million and HK\$43.4 million respectively; the Group's gross profit amounted to approximately HK\$27.3 million, HK\$36.6 million and HK\$12.5 million respectively (representing gross profit margin of approximately 18.8%, 27.0% and 28.8% respectively); while the Group's net profit amounted to approximately HK\$16.9 million, HK\$24.3 million and HK\$8.1 million respectively (representing net profit margin of approximately 11.6%, 17.9% and 18.7% respectively).

However, such trend of past financial information of the Group is a mere analysis of the Group's past performance only. It does not have any positive implication on and may not necessarily reflect the financial performance of the Group in the future. The Group's future performance will depend on, among other things, its ability to secure new businesses and to control its costs and will be subject to other risk factors as set out in this section. Profit margins for building services engineering projects and maintenance projects may vary from project to project due to factors such as the accuracy of the Group's estimation on the costs when committing to the amount of its fees and the complexity of the project. There is no guarantee that the Group's profit margins in the future will remain as its historical profit margins.

#### **The Group is dependent on its senior management and in-house engineers, inability to retain its staff may adversely affect the Group's business operations**

The Directors believe that the Group's success, to a large extent, is attributable to, among other things, the contribution of each of the executive Directors, senior management and other in-house engineers. The Group relies on its executive Directors, senior management and in-house engineers to execute both of its engineering and maintenance projects. The Group's ability to provide engineering services for its customers is mainly attributable to their professional knowledge, experience and expertise.

There could be an adverse impact on the Group's business operations should any of these key personnel terminates his/her service agreement or employment contract with the Group or otherwise cease to serve the Group and appropriate persons could not be found to replace them. There is no guarantee that the Group will be able to attract and retain its current staff or that they will not resign in the future. If the Group is unable to retain its staff in the future, the Group's business operations and financial performance may be diversely affected.

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### **Loss of authorised signatory and technical director for the Group’s registrations maintained with the Building Authority and Buildings Department could materially and adversely affect our business**

The Group maintained several registrations with the Building Authority and the Buildings Department, which require the Group has at least one authorized signatory to act for it for the purpose of the Buildings Ordinance and one technical director to carry out certain duties. The Building Authority imposes certain requirements on the qualifications and experience of such authorised signatory and technical director. For further details, please refer to the sections “Regulatory overview — Contractor licensing and registration regime” and “Business — Licenses and permits” in this document.

In the event that the Group cannot retain its authorised signatory or technical director, the Group is required to identify and apply for replacement. If the Group fails to identify and apply for replacement of an alternative qualified authorized signatory or technical director in a timely manner, it may face a suspension of such registrations and hence will adversely and materially affect the Group’s business operations and financial performance.

### **Failure to accurately estimate and control the costs of the Group’s projects may adversely affect the Group’s financial performance**

Majority of the Group’s contracts signed during the Track Record Period are fixed-price contracts while some of them provide pricing adjustments. In general, the Group will perform an estimation of the costs of each project before submitting the relevant tender document to its customers. The final price of a contract is determined with reference to the Group’s bids and substantially agreed by the Group and its customer at the time a contract is awarded. Therefore, it is crucial to accurately estimate and control the costs of each project. However, there are several factors that may adversely affect the actual amount of costs incurred while completing a project, such as the changes in the price of equipment, materials and labour, unforeseen site conditions and accidents. In the event that the Group fails to estimate the costs of its projects accurately, the Group may achieve lower-than-expected profit or even incur losses on that project which in turn could adversely affect the Group’s financial performance.

### **The Group may not be able to maintain or increase its success rate of attaining engagement of projects tendered and quoted**

For the year ended 31 December 2013 and 31 December 2014 and the three-month period ended 31 March 2015, the Group’s success rate of attaining engagement of projects tendered and quoted were approximately 8.9%, 6.9% and 5.7% respectively.

The success rate of attaining engagement of projects tendered and quote is dependent on a few factors, such as the number of invitation of tendering quotation in each year and the tender quotation offers submitted by the Group’s competitors in each project. There is no assurance that the Group will be able to maintain or increase its success rate of attaining engagement of projects tendered and quoted in the future. As a result, it may have material and adverse impact on the Group’s revenue and business operations.

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### **The Group's revenue is derived substantially from building services engineering projects, which are non-recurrent in nature, and the Group may achieve lower-than-expected revenue if it fails to maintain continuity of the Group's order book for its new projects**

The Group's revenue is substantially derived from building services engineering projects, which are non-recurrent in nature. For the year ended 31 December 2013 and 31 December 2014 and the three-month period ended 31 March 2015, the Group's building services engineering projects accounted for approximately 87.6%, 87.4% and 86.1% respectively.

Typically, the Group's customers engage the Group on a project-by-project basis and the customers are under no obligation to award projects to the Group. As such, there is no guarantee that the Group will be able to secure new businesses from its existing customers. As a result, the number and scale of building services engineering projects and the amount of revenue driven from building services engineering projects may vary significantly from period to period, and it may be difficult to forecast the volume of future business.

### **Any delays in the Group's projects may affect the Group's cash flows and may have adverse impact on the Group's business and reputation**

The Group is normally required to complete each of its projects according to the schedule as stated in the relevant contracts. Yet, there are several factors that may lead to a delay in the work progress of each project, such as weather conditions, supply of equipment and direct labour, regulatory approval processes, government requirements, political unrest, wars and terrorist attacks, and other factors that are beyond the Group's control.

Since the Group's revenue is recognised according to the percentage of completion method, in the event that the Group fails to complete its projects on a timely basis, it may postpone the receipt of anticipated payments which would affect the Group's cash flows and financial performance. If such delay is caused by the Group, it may be liable to compensate its customers and contracting parties for any losses or damages caused by the delay. However, any delay in the completion of a project, no matter caused by the Group or not, may also lead to additional costs being incurred, including costs to hire additional manpower. In addition, any delays in the Group's projects may have negative impact on the Group's reputation, which may adversely affect the Group's future business opportunities.

### **The Group's top five customers accounted for a substantial portion of the Group's total revenue**

The Group's top five customers accounted for approximately 51.0%, 47.1% and 75.0% of the total revenue respectively for each of the Track Record Period. Yet, the top five customers are not obligated in any way to continue to provide the Group with new businesses in the future at a level similar to that in the past or at all. If any of the Group's top customers reduce the amount of their contracts or terminate the business relationship with the Group, the Group may not be able to secure new contracts from other customers to maintain its revenue. As a result, the Group's business operation and financial performance may be materially and adversely affected.

### **The Group substantially relies on its top suppliers and subcontractors**

The Group's top five suppliers accounted for approximately 64.9%, 50.7% and 52.3% of the total purchases from suppliers respectively, while the Group's top five subcontractors accounted for approximately 49.6%, 53.8% and 52.4% of the total subcontracting charges respectively for each of the Track Record Period. In the event that the Group's suppliers and subcontractors reduce the supply amount of or refuse to provide the relevant goods and services to the Group, it may incur additional costs to source for alternative suppliers and subcontractors. Subsequently, the Group's business operation and financial performance may be materially and adversely affected.

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### **Changes on the supply and cost of staff may adversely affect the Group's operations and financial performance**

For the year ended 31 December 2013 and 31 December 2014 and the three-month period ended 31 March 2015, the Group's total direct labour amounted to approximately HK\$23.1 million, HK\$23.0 million and HK\$6.1 million respectively. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Group's direct labour costs on the Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% and 10% which are considered reasonable for the purpose of this sensitivity analysis:

| <b>Hypothetical fluctuations in direct labour cost</b> | <b>+5%</b>      | <b>+10%</b>     | <b>-5%</b>      | <b>-10%</b>     |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Change in profit before tax</b>                     | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Year ended 31 December 2013                            | (1,154)         | (2,309)         | 1,154           | 2,309           |
| Year ended 31 December 2014                            | (1,148)         | (2,297)         | 1,148           | 2,297           |
| Three-month period ended 31 March 2014                 | (270)           | (541)           | 270             | 541             |
| Three-month period ended 31 March 2015                 | (306)           | (612)           | 306             | 612             |
| <br>   |                 |                 |                 |                 |
| <b>Change in profit after tax</b>                      | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Year ended 31 December 2013                            | (964)           | (1,928)         | 964             | 1,928           |
| Year ended 31 December 2014                            | (959)           | (1,918)         | 959             | 1,918           |
| Three-month period ended 31 March 2014                 | (225)           | (452)           | 225             | 452             |
| Three-month period ended 31 March 2015                 | (256)           | (511)           | 256             | 511             |

There are several factors that may affect the supply and cost of staff in Hong Kong, such as the availability of staff in the market as well as economic factors in Hong Kong, including the inflation rate and standard of living. In addition, an employee is entitled to be paid wages in respect of any wage period of not less than the minimum wage, which shall be derived by reference to the prescribed minimum hourly wage rate (currently set at HK\$32.5 per hour). There is no assurance that the supply of labour and average cost of staff will be stable. For instance, the Group may not be able to identify and recruit staff members to replace departed staff in a timely manner or the statutory minimum wage may increase in the future. In such circumstance, the Group's profitability and operations could be adversely affected.

### **Failure to receive progress payment on a timely basis and in full, or that retention money is not fully released to the Group after expiry of the defect liability period, may affect the Group's liquidity position**

During the Track Record Period, most of the Group's projects adopted monthly payment or progress payment method, where the Group is required to submit a payment application with reference to the value of works completed on a monthly basis or when the works completed reach certain stage. The Group's customers will assess and verify the payment application and request the Group to issue an invoice for the amount of work completed. In most of the projects, the Group's customers may withhold normally up to 10% of each interim payment as retention money, which is generally capped at 5% of the

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total actual sum. All of the retention money will be released after the defect liability period, which is usually 12 months from practical completion date. As at 31 December 2013, 31 December 2014 and 31 March 2015, retention receivables of approximately HK\$11.5 million, HK\$9.2 million and HK\$10.8 million respectively, were retained by the Group's customers.

There is no guarantee that monthly or progress payment and retention money will be made on time by the Group's customers in the future. In the event that the Group fails to receive its monthly or progress payment and retention money on a timely basis, the Group's cash flows and financial performance could be affected adversely and materially.

### **Changes on the availability, performance and charges of the Group's subcontractors may adversely affect the Group's operations and financial performance**

Depending on the Group's capability, resources level and complexity of the project, the Group may consider subcontracting certain activities in the project to other subcontractors. Subcontracting fees are mainly affected by the changes in wages of the direct labour of the Group's subcontractors. For the year ended 31 December 2013 and 31 December 2014 and the three-month period ended 31 March 2015, the subcontracting fees incurred by the Group amounted to approximately HK\$45.0 million, HK\$49.2 million and HK\$9.9 million respectively. The fluctuations in subcontracting fee may have material impact on the Group's gross profit margin and financial performance. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Group's subcontracting charges on the Group's profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% and 10% which are considered reasonable for the purpose of this sensitivity analysis:

| <b>Hypothetical fluctuations in subcontracting charges</b> | <b>+5%</b>      | <b>+10%</b>     | <b>-5%</b>      | <b>-10%</b>     |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Change in profit before tax</b>                         | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Year ended 31 December 2013                                | (2,252)         | (4,504)         | 2,252           | 4,504           |
| Year ended 31 December 2014                                | (2,458)         | (4,917)         | 2,458           | 4,917           |
| Three-month period ended 31 March 2014                     | (313)           | (626)           | 313             | 626             |
| Three-month period ended 31 March 2015                     | (496)           | (992)           | 496             | 992             |
| <b>Change in profit after tax</b>                          | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Year ended 31 December 2013                                | (1,880)         | (3,761)         | 1,880           | 3,761           |
| Year ended 31 December 2014                                | (2,052)         | (4,106)         | 2,052           | 4,106           |
| Three-month period ended 31 March 2014                     | (261)           | (523)           | 261             | 523             |
| Three-month period ended 31 March 2015                     | (414)           | (828)           | 414             | 828             |

The Group is responsible for the works performed by the subcontractors. The requirements and specifications deviate from project to project. Hence, it is important for the Group to locate suitable subcontractors. If the works performed by the subcontractors do not meet the requirements of the project, it may require extra time and costs to carry extra works. As a result, it may have negative impacts on the Group's business operations and financial performance.

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### **Increase of the material cost of the Group may adversely affect the Group’s operations and financial performance**

For the year ended 31 December 2013 and 31 December 2014 and the three-month period ended 31 March 2015, the Group’s material costs amounted to approximately HK\$37.9 million, HK\$33.1 million and HK\$12.0 million respectively, representing approximately 32.1%, 33.5% and 38.9% of its total costs of sales respectively. The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the Group’s material costs on the Group’s profits during the Track Record Period. The hypothetical fluctuation rates are set at 5% and 10% which are considered reasonable for the purpose of this sensitivity analysis:

| <b>Hypothetical fluctuations in material costs</b> | <b>+5%</b>      | <b>+10%</b>     | <b>-5%</b>      | <b>-10%</b>     |
|--|-----------------|-----------------|-----------------|-----------------|
| <b>Change in profit before tax</b>                 | <i>HK\$’000</i> | <i>HK\$’000</i> | <i>HK\$’000</i> | <i>HK\$’000</i> |
| Year ended 31 December 2013                        | (1,894)         | (3,789)         | 1,894           | 3,789           |
| Year ended 31 December 2014                        | (1,657)         | (3,315)         | 1,657           | 3,315           |
| Three-month period ended 31 March 2014             | (436)           | (872)           | 436             | 872             |
| Three-month period ended 31 March 2015             | (601)           | (1,202)         | 601             | 1,202           |
| <b>Change in profit after tax</b>                  | <i>HK\$’000</i> | <i>HK\$’000</i> | <i>HK\$’000</i> | <i>HK\$’000</i> |
| Year ended 31 December 2013                        | (1,581)         | (3,164)         | 1,581           | 3,164           |
| Year ended 31 December 2014                        | (1,384)         | (2,768)         | 1,384           | 2,768           |
| Three-month period ended 31 March 2014             | (364)           | (728)           | 364             | 728             |
| Three-month period ended 31 March 2015             | (502)           | (1,004)         | 502             | 1,004           |

The change in material costs may or may not be able to shift to the Group’s customers. In the event that the increase in material costs is more than the Group’s expectation, the Group’s operation and profitability may be adversely affected.

### **Failure to renew the Group’s current registrations and licenses may adversely affect the Group’s business operations**

As at the Latest Practicable Date, the Group held several types of registrations and licenses that are material to the Group’s business operations in Hong Kong. Lep Kei, the Group’s operating subsidiary carrying out its building engineering business, registered with the EMSD as a Registered Electrical Contractor, with the Building Authority as a Registered Specialist Contractor under the categories of ventilation works, and with the Buildings Department as a Registered Minor Works Contractor (Classes I, II and III). Wealth E & M, the Group’s operating subsidiary carrying out its building engineering business, registered with the EMSD as a Registered Electrical Contractor. For further details of the Group’s existing qualifications, registrations, licenses and permits, please refer to the section “Business — Licenses and Permits” in this document.

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Renewal of some of the aforementioned registrations with the relevant departments is required every three years, and is generally subject to certain technical, relevant industry experience and/or documentary requirements.

There is no assurance that the Group will be able to renew such registrations every time in the future. In the event of non-renewal of such registrations or if the Group fails to remain on the approved list, the Group's reputation and ability to obtain future businesses could be materially and adversely affected.

### **Any claims or litigation to which the Group may have a material and adverse impact on the Group's business, operation and financial performance**

Because of the nature of the Group's business, the Group may become involved in claims for personal injury and property damage arising in connection with the Group's projects. In addition, the Group may also become involved in litigations relating to, among other things, such as contractual disputes warranty, indemnification or liability claims, contractual disputes with its customers or sub-contractors, labour disputes, workers' compensation, and safety, environmental or other legal requirements. Any claims or litigation can be time-consuming, expensive, and may divert management's attention away from the operations of business.

In the event that the Group is liable to pay compensation or fine in relation to any claims or legal proceedings, it may have a material and adverse impact on the Group's business and financial performance.

### **The Group's business performance depends on the availability of building services projects in Hong Kong**

The Group's business performance depends on the number and availability of building services projects in Hong Kong. The performance of the building services industry is cyclical and could be significantly affected by various factors, including but not limited to the fluctuations in economic conditions, the general conditions of property markets in Hong Kong, and other factors. There is no assurance that the number of building services projects in Hong Kong will not decrease in the future. For instance, an economic downturn in Hong Kong where the Group operates may hold up the construction plans, as a result of which the Group's business, financial condition and results of operations could be materially and adversely affected.

### **The Group's business plans and strategies may not be successful or be achieved within the expected time frame or within the estimated budget**

The Group's business plans and strategies include further development of the Group's building services engineering business, further expansion of service scope and further strengthening the Group's engineering department. Yet, the Group's business strategies may be hindered by risk factors including but not limited to those mentioned elsewhere in this section. There is no assurance that the Group will be able to maintain or expand its building services building and increase its services scope successfully within the expected time frame or within the estimated budget. In the event that the Group fails to maintain its current market position or implement its business plans could materially and adversely affect the Group's business operations, financial performance and results of operations.

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### **The Group’s financial performance will be affected by the Group’s Listing expenses, which are non-recurrent in the nature**

Whether or not the [REDACTED] eventually occurs, a major portion of the expenses in relation to the [REDACTED] have been incurred and recognized. Such Listing expenses, which are non-recurrent in the nature, may adversely affect the financial performance of the Group for the year ending 31 December 2015. The Directors estimate that the total amount of the Group’s expenses in relation to the [REDACTED] is approximately HK\$[REDACTED] million, based on the [REDACTED] Price of HK\$[REDACTED] per Share, being the mid-point of the stated range of the [REDACTED] Price and assuming the [REDACTED] is not exercised.

Of the aggregate Listing expenses of approximately HK\$[REDACTED] million, approximately HK\$[REDACTED] million will be charged on the Group’s consolidated statement of comprehensive income and to deduct the remaining of approximately HK\$[REDACTED] million from the Group’s capital. In the event that the [REDACTED] are to be postponed due to market condition, additional expenses in relation to the future listing plan may incur. As a result, the Group’s business operations and financial performance would be materially and adversely affected.

### **The Group is exposed to environmental liability**

The Group’s business operations are subject to the standards imposed by environmental laws and regulations in Hong Kong in respect of air pollution, noise control, water pollution and waste disposal. In the event that the Group fails to comply with these environmental laws and regulations, it may cause delays in the progress of the Group’s project and lead to a negative impact on the Group’s public image and reputation, either of which could adversely affect the Group’s business operation and financial performance. In addition, any violation of the relevant laws and regulations may lead to substantial fines, clean-up costs and environmental liabilities or even suspension of operations that could materially and adversely affect the operating results and prospects of the Group.

For further information and a more detailed discussion of these laws, regulations and standards, please refer to the section “Regulatory overview” in this document.

### **The Group is exposed to certain types of liabilities that are generally not insured**

The Group is exposed to certain types of liabilities, such as liabilities arising from natural disasters, political unrest, wars and terrorists, which are beyond the Group’s control and generally not insured because they are either uninsurable or it is not cost justifiable to insure against such risks. In the event that an uninsured liability arises, the Group may achieve lower-than-expected profit or even suffer losses, which may adversely affect the Group’s financial performance.

### **The Group may incur extra cost in workers training and recruitment of workers following the implementation of construction workers registration scheme in 2017**

The Government has been working with the Construction Industry Council (“CIC”) and members of the sector to promote the healthy development of the construction industry. Following amendment of the Construction Workers Registration Ordinance in 2014, the requirements of “designated workers for designated trades” will be implemented under the construction workers registration scheme in 2017. Skilled construction workers will then be required to register according to their respective skills. It is expected that the Group may incur extra resources in workers training to satisfy the registration scheme



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promulgated by the Government. Cost of workers may also increase following the implementation of relevant qualification framework. Fail to recruit workers with suitable qualification and registration at reasonable cost or at all will have material and adverse effect to the operation of the Group.

### **The Group may have difficulty in recruiting competent workers at reasonable cost due to shortage and ageing of skilled workers in local market**

The construction industry is facing the problem of a severe shortage and ageing of skilled workers. Although the Government and CIC have made considerable efforts in recent years to train local skilled workers and enhance the industry's professional image, and have attracted many new entrants to the industry, the keen demand has yet to be met. If local market cannot supply enough skilled workers to the industry and import workers are not available in a timely manner and at reasonable cost, the Group may face difficulty in recruiting competent workers at reasonable cost to complete a project within designated time. This will materially and adversely affect the operation of the Group.

## **RISKS RELATING TO THE INDUSTRY IN WHICH THE GROUP OPERATES**

### **The building services industry in Hong Kong has been facing the problem of rising construction costs, including the costs of construction workers and construction materials**

The building services industry in Hong Kong is suffering from labour shortage, which is exacerbated by an ageing workforce and the lack of skilled talent. The average wage of construction workers in Hong Kong keeps increasing. This is mainly due to the growing building services industry in Hong Kong and the shortage of experienced and skillful labour as a number of skilled construction workers are approaching the age of retirement while young people are reluctant to join the building services industry. In addition, the costs of construction materials have also demonstrated a general increasing trend over the past few years. The general increases in construction material prices are affected by, among other factors, the strong construction demand. In view of the potential increase in the cost of construction workers and construction materials, the Group could materially and adversely affect the Group's business operations and financial conditions.

### **The Group's reliance of its subcontractors to supply labour for the labour intensive work for its projects**

Although the Group retains its own labour for its engineering design works and project supervisions, it subcontracts part of the labour intensive works of its projects to subcontractors. In the event that the Group fails to obtain a stable supply of labour from its subcontractors to carry out its projects, the Group may not be able to complete its projects on schedule and within budget nor maintain its quality of work at the standard level. Subsequently, the Group's operations and profitability may be adversely affected.

### **Personal injuries, property damages or fatal accidents may occur at work sites**

In the course of operations, the Group requires its employees to comply with and implement all the safety measures and procedures as stipulated in its in-house rules. Nevertheless, there is no assurance that the Group's safety measures or other related rules and regulations by the employees of the Group or the subcontractors are strictly followed. Any violation may lead to higher probability of occurrences,

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and/or increased seriousness, of personal injuries, property damages and/or fatal accidents at work sites, which may materially and adversely affect business operations as well as financial position to the extent not covered by insurance policies.

### **Any changes in environmental requirements may increase the Group's compliance costs**

Due to the nature of the Group's business, the operations at work sites are subject to certain environmental requirements pursuant to the laws in Hong Kong, including primarily those in relation to air pollution control, noise control water pollutions, and waste disposal. Such regulations may be revised by the Government from time to time. Any changes to such regulations and guidelines may increase cost and burden in complying with them.

### **The Group operates in a competitive industry**

The building services industry in Hong Kong has a number of participants and is competitive. Occasionally, new participants could enter into the industry if they have the appropriate skills, local experience, necessary machinery and capital and are granted the requisite licenses by the relevant regulatory bodies. The Group faces competition from other contractors in the submission of tender for construction contracts. Increased competition may lead to lower profit margins and loss of market share, and adversely impact on the Group's profitability and operating results.

## **RISKS RELATING TO THE [REDACTED]**

### **There has been no prior public market for the Shares and the liquidity, market price and trading volume of the Shares may be volatile**

Prior to the [REDACTED], there is no public market for the Shares. The listing of, and the permission to deal in, the Shares on the Stock Exchange do not guarantee the development of an active public market or the sustainability thereof following completion of the [REDACTED]. Factors such as variations in the Group's revenues, earnings and cash flows, strategic alliances or acquisitions made by the Company or the Group's competitors, industrial or environmental accidents suffered by the Group, loss of key personnel, litigation or fluctuation in the market prices for the Group's services, the liquidity of the market for the Shares, the general market sentiment regarding the industry could cause the market price and trading volume of the Shares to change substantially. In addition, both the market price and liquidity of the Shares could be adversely affected by factors beyond the Group's control and unrelated to the performance of the Group's business, especially if the financial market in Hong Kong experiences a significant price and volume fluctuation. In such cases, you may not be able to sell the Shares at or above the [REDACTED] Price.

### **Investors' shareholding may experience dilution if the Company issues additional Shares in the future**

The Company may issue additional Shares upon exercise of the [REDACTED] and the options to be granted under the Share Option Scheme in the future. The increase in the number of Shares would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share.

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In addition, the Company may need to raise additional funds in the future to finance business expansion or new development and acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities other than on a pro-rata basis to the existing Shareholders, the shareholding of such Shareholders in the Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by the [REDACTED] Shares.

### **Any disposal by the Controlling Shareholders of a substantial number of Shares in the public market could materially and adversely affect the market price of the Shares**

There is no guarantee that the Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [REDACTED]. The Group cannot predict the effect, if any, of any future sales of the Shares by any of its Controlling Shareholders, or that the availability of the Shares for sale by any of the Controlling Shareholders may have on the market price of the Shares. Sales of a substantial number of Shares by any of its Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the Shares.

### **RISKS RELATING TO THIS DOCUMENT**

#### **Statistics and industry information contained in this document may not be accurate and should not be unduly relied upon**

Certain facts, statistics, and data presented in the section headed “Industry Overview” and elsewhere in this document relating to the global and Hong Kong building services industry have been derived, in part, from various publications and industry-related sources prepared by government officials or independent third parties. The Directors believe that the sources of the information are appropriate sources for such information, and the Sponsor and the Directors have taken reasonable care to extract and reproduce the publications and industry-related sources in this document. In addition, the Group has no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, neither the Group, the Directors, the Sponsor, the Bookrunner, nor any parties involved in the [REDACTED] have independently verified, or make any representation as to, the accuracy of such information and statistics. It cannot be assured that statistics derived from such sources will be prepared on a comparable basis or that such information and statistics will be stated or prepared at the same standard or level of accuracy as, or consistent with, those in other publications within or outside Hong Kong. Accordingly, such information and statistics may not be accurate and should not be unduly relied upon.

#### **The future results could differ materially from those expressed or implied by the forward-looking statements**

Included in this document are various forward-looking statements that are based on various assumptions. The future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed “Forward-Looking Statements” in this document.