
RISK FACTORS

Potential investors should carefully consider all of the information set out in this [REDACTED] and, in particular, should consider the following risks and special consideration associated with an investment in the Company before making any investment decision in relation to the Shares. If any of the possible events as described below, or any other risk factors or uncertainties that the Company is unaware of, materialises, the Group’s business, financial position and prospects could be materially and adversely affected and 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

Revenue derived from the Group’s five largest customers accounted for a substantial portion of the Group’s revenue, inability to retain business relationship with them or secure new business may affect the Group’s operations and financial performance

For each of the three years ended 31 December 2016, the Group’s revenue amounted to approximately HK\$151.3 million, HK\$218.8 million and HK\$273.9 million, respectively, of which approximately 91.2%, 96.1% and 96.9% were attributed to the five largest customers, respectively. In particular, the Group’s largest customer accounted for approximately 52.4%, 85.7% and 64.7% of its total revenue for each of the three years ended 31 December 2016, respectively. The Group does not enter into any long-term written agreements with these major customers as the contracts are awarded to the Group on a project-by-project basis through tendering.

As at 31 March 2017, the Group had 10 design and build projects on hand with an aggregate awarded contract sum of approximately HK\$519.2 million, of which approximately HK\$232.6 million or 44.8% is attributable to 6 design and build projects of SHK Properties. There is no assurance that the Group would be able to retain the major customers in the future. The Group’s results of operations, profitability and liquidity would therefore be materially and adversely affected should the Group be unable to secure new projects from its major customers and fail to procure a similar level of business from other customers on comparable commercial terms to partly or wholly offset the loss of revenue from these major customers.

In addition, the Group’s business, financial condition and results of operations also depend on the financial condition and commercial success of these major customers. If the top five customers were to become unwilling or unable to make payments, the Group may be unable to recover significant amounts of trade receivables and its cash flows and financial position could be adversely affected.

Changes to the supply and cost of building materials may adversely affect the Group’s operations and profitability

The Group’s material and processing charges accounted for approximately 36.0%, 40.8% and 39.8% of the Group’s total cost of revenue for each of the three years ended 31 December 2016, respectively.

The supply and cost of building materials are affected by macroeconomic conditions, production quantity and cost of such materials. Fluctuation in foreign exchange rate may also affect the Group’s

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cost of building materials since some of the Group’s suppliers are located in Hong Kong and the PRC. In the event that the cost of building materials increases due to the external factors aforementioned, which are out of the Group’s control, the Group’s operations and profitability may be adversely affected.

During the Track Record Period, all of the Group’s construction contracts are subject to the risks arising from material costs fluctuations as there is a time lag between the time the Group submits the tender and the time it purchases the materials. Failure to accurately estimate the materials costs for the projects at the time a project is awarded to the Group and any substantial increase in the price of the materials between the time of submission of the tender and the time the Group purchases the materials will therefore substantially increase the Group’s materials costs and could materially and adversely affect the Group’s cash flow, financial condition and results of operations.

Changes to the supply and cost of staff may adversely affect the Group’s operations and profitability

During the Track Record Period, the Group’s project staff costs accounted for approximately 13.5%, 10.9% and 13.2% of its cost of revenue, respectively. The supply and cost of staff in Hong Kong are affected by 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\$34.5 per hour). There is no assurance that the statutory minimum wage will not increase in the future, and that the supply of labour and average cost of staff will be stable. If the Group cannot identify and recruit staff members to replace departed staff members in a timely manner or the cost of staff increases in the future, the Group’s operations and profitability could be adversely affected.

The Group’s contracts are non-recurring in nature, failure to obtain continuity of the order book for new projects could materially affect the Group’s sustainability and financial performance

The projects undertaken by the Group are awarded on a project-by-project basis through tendering. The Group has to go through a competitive tendering or quotation process to secure new project works. The profitability of the Group’s project is dependent on the price of its tender, which is determined based on the estimated costs to be incurred plus a mark-up. If a significant mark-up is made upon the estimated costs, then the Group’s tender price may be less competitive. On the other hand, if the tender price set by the Group is too low, then in the event that the actual time and costs involved in completing the construction works exceeds its estimation at the time when the tender was submitted, which may be caused by factors beyond its control such as shortage of labour, the Group’s profitability may be materially and adversely affected.

Furthermore, the last expected completion date of the Group’s design and build projects on hand as at 31 March 2017 is September 2018 and the duration of the Group’s projects usually ranges from approximately 3 to 29 months. As such, its revenue is non-recurring in nature and the Group cannot guarantee that it will continue to secure new projects after the completion of the existing awarded projects.

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It is critical to the Group to secure new projects of similar or larger value on a continuous basis. In the event the Group is unable to maintain business relationship with existing customers or unable to price its tender or quotation competitively, its business, sustainability and financial performance will be adversely affected.

Failure to acquire adequate capital could delay the execution of new projects and prevent the expansion of the Group’s business, which could materially and adversely affect the Group’s business, financial performance and results of operations

The Group expects that the execution of new projects and the continued development of its business in the future will require significant capital. There is no assurance that the required capital can be obtained through equity or debt financing on acceptable terms or sufficient cash flow can be generated from the Group’s operations to meet the cash requirements. Furthermore, the capital requirements may vary materially from those currently planned. Failure to obtain additional capital on acceptable terms may delay or prevent the expansion of the Group’s business or force it to forego project opportunities which could materially and adversely affect the Group’s business, financial performance and results of operations.

Costs overrun will materially affect the Group’s financial performance

During the Track Record Period, the Group’s revenue was project-based and primarily secured through tendering. The Group determines the price of its tender based on the estimated costs to be incurred plus a mark-up. As the duration of the Group’s projects usually ranges between approximately 3 and 29 months, cost management is critical in ensuring that the project meets its budgeted profit margin. The risk of cost overruns increases with the duration of a project, due to possible increases in the price of materials and labour.

In the preparation of the tender, the Group will carry out internal cost and budget estimates for labour and supplies to determine the tender price. The final price of a contract is determined at the time when the contract is awarded to the Group. Therefore, it is crucial to accurately estimate and control the costs of each project. However, the actual time and costs for completing a project may be adversely affected by various factors, including but not limited to a shortage and cost escalation of materials and labour, modification to the design plans which leads to variation orders on top of the original contracts and other unforeseen problems or circumstances, which may be beyond control by the Group. In the event that the Group fails to accurately estimate the costs involved in projects which resulted in cost overrun, and the Group is unable to pass such cost increase to its customers, the profitability and financial performance of the Group will be adversely affected.

Failure to receive progress payment on time and in full, or that retention money is not fully released to the Group after expiry of the defects liability period may affect the Group’s liquidity position

The Group receives progress payment with reference to the value of the works completed. Generally, the value of the works completed is assessed by the customer and/or their authorised personnel who will verify the Group’s completed works by issuing a payment certificate and the Group will issue an invoice for the amount of works certified. For further details of progress payment, please

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refer to the section headed “Business — Customers — Credit policy” in this [REDACTED]. In addition, the Group’s customers normally withhold up to 5% of the total contract sum as retention money, half of which will generally be released to the Group after the issue of the certificate of practical completion and the remaining balance will be released to the Group subsequent to the expiry of the defects liability period ranging from 12 to 24 months. During the Track Record Period, retention money held by the Group’s customers amounted to HK\$10.3 million, HK\$6.3 million and HK\$9.7 million, respectively.

The cash flow of the Group may fluctuate due to the payment practice applied to its projects

The Group’s projects normally incur net cash outflows at the early stage of carrying out its works when the Group is required to pay the setting up expenditures, prior to payment received from its customers. The customers will make progress payments after the works commence and such works and payments are certified by the Group’s customers. Accordingly the cash flows of a particular project will turn from net outflows at the early stage into accumulative net inflows gradually as the works progress. The Group undertakes a number of projects at any given period, and the cash outflow of a particular project could be compensated by the cash inflows of other projects. Should the mix of the projects be such that more projects are at the initial stage, the Group’s corresponding cash flow position may be adversely affected.

The Group’s business performance depends on the availability of design and build projects for podium facade and curtain wall in Hong Kong

The performance of the Group’s business is generally affected by the number and availability of design and build projects for podium facade and curtain wall in Hong Kong. The performance of the construction 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. For instance, an economic downturn in Hong Kong, where the Group operates, could materially and adversely affect the Group’s business, financial performance and results of operations. There is no assurance that the number of design and build projects in Hong Kong will not decrease in the future.

The Group may not be able to maintain or increase its success rate of the projects tendered

During the Track Record Period, the Group’s success rate on design and build project tendering was approximately 22.6%, 17.9% and 29.0%, respectively. There are a number of factors in determining the success rate on project tendering, including but not limited to the number of invitations to tender in each year and the tenders submitted by the Group’s competitors in each project. As the contracts awarded are on a project-by-project basis, the Group is required to submit a new tender to the customer for each new project, even if the customer is an existing customer of the Group. Therefore, there is a risk that the Group may not be awarded with new contracts by its customers upon the expiry of the contracts on hand. Hence, 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. In the event that the Group is unable to maintain its success rate on project tendering, it may have a material and adverse impact on the Group’s revenue and business operations.

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The Group’s success significantly depends on the key management and its ability to attract and retain additional technical and management staff

The Group depends on the efforts and skills of its key management. For the description of the Directors and senior management of the Group, please refer to the section headed “Directors and senior management” in this [REDACTED]. In particular, in order for G & M Engineering to maintain the registration as a Registered Minor Works Contractor, G & M Engineering must have at least one authorised signatory to act for it for the purposes of the Buildings Ordinance and one technical director to carry out certain duties including, among others, providing technical support for the execution of works and ensuring that the works are carried out in accordance with the Buildings Ordinance. For details of the requirements for the Group to maintain the required number of authorised signatory and technical director and the Group’s contingency plan in the event of retirement or resignation of any of the authorised signatory and technical director, please refer to the section headed “Business — Licences and permits” in this [REDACTED]. As a result, the future success of the Group depends to a significant extent on the continuing service of these individuals, who are not obligated to remain employed by the Group. The loss of any executive Director or member of the senior management team could have a material adverse effect on its business if the Group is unable to find suitable replacements in a timely manner. In particular, in the event of retirement or resignation of any of the authorised signatory and technical director and if the Group is unsuccessful in implementing its contingency plan in having the backup persons appointed as the replacement of authorised signatory and/or technical director in a timely manner or due to retirement or resignation of any of the backup persons and the Group is not able to identify or hire further replacements in a timely manner, the Group’s business operations which require the registration as a Registered Minor Works Contractor may be hindered or delayed and in turn the Group’s reputation, prospects, business operations and financial conditions could be materially and adversely affected.

The Group’s success also depends on its ability to attract, identify, hire, train and retain additional technical and management staff with the requisite industry expertise. Competition for such personnel is intense, and any failure to recruit and retain the necessary personnel or the loss of a significant number of staff at any time could harm the Group’s business and prospects.

Mismanagement or delay of the Group’s projects will materially affect its reputation and financial performance

The Group’s revenue is recognised on the percentage of completion method, and billings are based on monthly progress claims. A delay in a project will therefore affect the Group’s revenue, billings, operational cash flows and financial performance. A delay or cancellation of projects could also result in idle or excess manpower resources in the event that replacement projects cannot be secured on a timely basis.

A delay in the project can be due to various factors, including but not limited to, shortage of manpower and materials, and other factors that are beyond the Group’s control. In addition, there may be a lapse of time between the completion of existing projects and the commencement of subsequent

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projects which may adversely affect the Group’s financial performance and financial position. If the delay is caused by the Group, it is liable to pay liquidated damages to the Group’s contracting parties as stipulated in the contracts and the Group’s reputation could also be materially affected and may adversely affect the Group’s future business opportunities.

Unsatisfactory performance by the subcontractors or unavailability of subcontractors may adversely affect the Group’s operations and profitability

As the Group does not employ any direct labour to carry out the installation works for its design and build projects, the Group subcontracts the installation works to external subcontractors. In selecting subcontractors for a project, the Group will evaluate them based on their technical capability, job reference, pricing competitiveness, labour resources and past safety performance. During the Track Record Period, subcontracting charges incurred by the Group amounted to approximately HK\$35.8 million, HK\$57.3 million and HK\$72.9 million, respectively.

However, there is no assurance that the work quality of the subcontractors can always meet the Group’s requirements. In addition, there is no assurance that the Group will always be able to secure suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In such event, the Group’s operation and financial position may be adversely affected

The Group may be liable for any defect in its projects

The Group’s design and build projects will include a defects liability period typically ranging from 12 to 24 months from the date of practical completion during which the Group is responsible to rectify work defects. If the materials used are defective, the Group will replace them during the defect liability period or request the suppliers or subcontractors to do so. If the Group is required to rectify defects during the defects liability period which might result in substantial costs being borne by the Group, the profitability of the particular project will be reduced.

The Group may fail to obtain or renew the requisite licences, permits or qualifications, or otherwise fail to satisfy their requirements from time to time, which will affect the Group’s ability to obtain new projects and its financial position and prospects

As at the Latest Practicable Date, the Group had a variety of licences and permits for various types of works, details of which are set out in the section headed “Business — Licences and permits” in this [REDACTED]. These major licences, permits or qualifications have expiry dates, the one with the earliest expiry date is G & M Engineering’s qualification as a Registered Minor Works Contractor, which will expire on 18 October 2018. There is no assurance that the Group can renew these licences and permits in a timely manner.

In addition, these licences, permits and qualifications are subject to continued compliance with various standards relating to, amongst others, financial capability, expertise, management and safety and there is no assurance that the Group will continue to meet such standards from time to time. There are circumstances which may affect the ability of the Group to maintain such licences and permits or

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otherwise lead to a suspension, downgrading or demotion of the qualifications. For example, if a fatal construction accident occurs at a construction site that the Group is responsible for, it may lead to the relevant authority re-evaluating the qualifications of the Group. If the Group is unable to renew or otherwise maintain its licences, permits or qualifications, the Group may not be able to obtain certain new projects, and thereby its financial position and prospects would be materially and adversely affected.

The Group may be exposed to non-compliance, disputes, claims or litigations

The Group’s business operations are subject to relevant applicable laws, rules and regulations. For further details, please refer to the section headed “Regulatory overview” in this [REDACTED]. In the event that the Group fails to comply with such laws, rules and regulations, the Group may be subject to prosecution or fines, which may lead to the Group’s ability to maintain and/or renewal of its licences and hence the Group’s operation being materially affected.

Furthermore, the Group may be subject to claims in respect of various matters from the customers, suppliers, subcontractors, workers and other parties concerned with the projects from time to time. Such claims may include claims for compensation due to late completion of works or delivery of substandard works, disputes relating to late or insufficient payment and claims in respect of personal injuries and labour compensation in relation to works. Any of such claims may cause the Group to incur material costs or losses hence materially and adversely affect the Group’s business, financial condition and results of operations.

Due to the nature of the Group’s business, failure to comply with safety measures and procedures on construction site may lead to occurrence of personal injuries, property damage or fatal accidents

Due to the nature of the Group’s business, the Group cannot guarantee that third parties or workers at the construction site will comply with the safety measures and procedures during the execution of works. In the event of non-compliance, there may be occurrences of serious personal injuries, property damage or fatal accidents, which may lead to interruption of the Group’s operations and adversely affect the Group’s financial conditions and results of operations to the extent that these mishaps are not covered by insurance policies.

The Group requires its subcontractors to abide by and implement all safety measures and procedures in the operation of fitting out or construction business. However, there can be no assurance that there will not be any violations of rules, laws or regulations on the part of the subcontractors. In the event that the Group’s subcontractors fail to implement safety measures at the construction sites and personal injuries, property damage or fatal accidents occur, litigation may arise which will adversely affect the Group’s reputation and financial position.

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The Group’s insurance coverage may not be sufficient to cover all losses or potential claims which could affect the Group’s business and results of operations

The Group has purchased third party public liability insurance to cover claims in connection with personal injuries or damage to property due to accidents at the Group’s construction sites or from negligence in connection with the Group’s business operations. However, the Group may become subject to liabilities against which it is not insured adequately or at all. Should any significant property damage or personal injury occur in the construction sites or to the employees due to accidents, natural disasters, or similar events which are not wholly or partially covered by insurance, the Group’s business may be adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss.

There is no assurance that the current levels of insurance maintained by the Group are sufficient to cover all potential risks and losses. If the Group face any operating risks resulting from any of the aforesaid events in relation to the failure to purchase insurance, the Group may bear a substantial cost and experience a loss. In addition, the insurers will review the policies each year and there is no guarantee that the Group can renew the policies or can renew on similar or other acceptable terms. If the Group suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on the business, financial position, results of operations and prospects.

Dividends declared in the past may not be indicative of the dividend in the future

For the year ended 31 December 2014, a subsidiary of the Company declared an interim dividend of approximately HK\$117,000, of which approximately HK\$29,000 was paid to that subsidiary’s shareholder with non-controlling interest. For each of the two years ended 31 December 2016, subsidiaries of the Company declared interim dividend of approximately HK\$28,700,000 and HK\$45,900,000, respectively, to their then shareholders. Any declaration of dividends proposed by the Directors and the amount of any such dividends will depend on various factors, including, without limitation, the results of operations, financial condition, future prospects and other factors which the Directors may determine are important. For further details of the dividends of the Company, please refer to the section headed “Financial information — Dividends” in this [REDACTED]. The Group cannot guarantee if and when dividends will be paid in the future.

Adverse weather conditions and other construction risks may affect the work progress of the Group’s design and build projects

Most of the Group’s design and build projects are undertaken outdoor which can be affected by adverse weather conditions, such as rainstorms, tropical cyclones and continuous rain. These adverse weather conditions may cause difficulties to the Group in completing its projects on schedule. Any delay in completion of the design and build projects may render the Group subject to penalty and will adversely affect the operating results. The Group may also have to subsequently accelerate work progress in order to catch up to meet the scheduled time for completion, inevitably incurring additional costs. In addition, there are also other construction risks, such as fire and the suspension of water and electricity supplies, which the Group is subject to. They may not only affect work progress but also pose risks on properties kept at the construction sites.

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The Group may not be able to completely prevent or deter fraud or other misconduct which may be committed by the Group’s employees or third parties

The Group’s employees or third parties may commit fraud or other misconduct and such acts could subject the Group to financial losses and harm its business and operations. There is no assurance that they can be completely prevented or deterred even if extensive internal controls and corporate governance practices are in place. In addition to potential financial losses, improper acts of its employees or third parties could subject the Group to third party claims and regulatory investigations. Any such fraud or other misconduct committed against the Group, whether involving past acts or future acts, could have an adverse effect on the Group’s business, financial performance and results of operations.

Extraordinary events such as epidemics, natural disasters, political unrest and terrorist attacks could significantly delay, or even prevent the Group from completing, the Group’s projects

The Group’s operations are subject to uncertainties and contingencies, such as epidemics, natural disasters, fire, adverse weather conditions, political unrest, wars and terrorist attacks. These extraordinary events are beyond the Group’s control and could result in material disruptions in the operations and adversely affect the Group’s business. Any such events could cause the Group to reduce or halt the operation, adversely affect the Group’s business operation, increase the costs and/or prevent completion of the projects, any one of which could materially and adversely affect the Group’s business, financial condition and results of operations.

The business plan may not be implemented successfully which may adversely affect the Group’s prospects

The Group’s future plans are described in the section headed “Future plans and use of proceeds” in this [REDACTED] are based on current intentions and assumptions. The business plan may be hindered by other factors beyond the Group’s control, such as the general market conditions, the government policies relevant to podium facade and curtain wall works industry in Hong Kong, the Group’s ability to maintain existing competitive advantages and the new market entrants. There is no assurance that the Group’s business plan can be successfully implemented. Should there be any material adverse change in the operating environment that lead to the failure by the Group to implement any part of the business plan, the Group’s prospects may be adversely affected.

RISKS RELATING TO THE INDUSTRY THE GROUP OPERATES

The Group is dependent on market conditions and trends in the podium facade and curtain wall works industry in Hong Kong which may change adversely

All of the Group’s projects are currently located in Hong Kong. The future growth and level of profitability of the podium facade and curtain wall industries in Hong Kong are likely to depend primarily upon the continued availability of major construction projects. The nature, extent and timing of such projects will, however, be determined by the interplay of a variety of factors, in particular, the

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Hong Kong government’s spending patterns on the construction industry in Hong Kong, the investment of property developers and the general conditions and prospects of Hong Kong’s economy. These factors may affect the availability of podium facade and curtain wall projects from the public sector, private sector or institutional bodies.

Apart from the public spending of the Hong Kong government, there are numerous factors affecting the podium facade and curtain wall works industry, including cyclical trends in the economy as a whole, fluctuations in interest rates and the availability of new projects in the private sector. Should there be a recurrence of recession in Hong Kong, deflation or any changes in Hong Kong’s currency policy, or should the demand for podium facade and curtain wall works in Hong Kong deteriorate, the Group’s operations and profits could be adversely affected.

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

The costs of construction materials have demonstrated a general increasing trend over the past few years. The general increases in construction material prices are affected by, amongst other factors, the strong construction demand. In addition, the construction industry in Hong Kong is suffering from labour shortage, which is exacerbated by an ageing workforce and the lack of skilled talent. This is mainly due to the growing construction 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 construction industry. As a result of the shortage of construction workers and the implementation of minimum wage, the average wage of construction workers in Hong Kong keeps increasing. In view of the potential increase in the cost of construction workers and construction materials, the Group’s business operations and financial conditions could be materially and adversely affected.

Personal injuries, property damages or fatal accidents may occur at construction sites

Notwithstanding the occupational health and safety control measures, accidents leading to personal injuries, property damages and/or fatal accidents remain an inherent risk at construction sites. In addition, there is no assurance that there will not be any violation of the Group’s safety measures or other related rules and regulations by workers. Any such violation may lead to higher probability of occurrences, and/or increased seriousness, of personal injuries, property damages and/or fatal accidents at construction sites, which may materially and adversely affect business operations as well as financial position to the extent not covered by insurance policies.

Moreover, any personal injuries and/or fatal accidents to the employees of the Group and subcontractors may lead to claims or other legal proceedings against the Group. Any such claims or legal proceedings could adversely and materially affect financial position of the Group to the extent not covered by insurance policies. Also, notwithstanding the merits of any such claims or legal proceedings, the Group needs to divert management resources and incur extra costs to handle these matters. Any such claims or legal proceedings could therefore have a material and adverse impact on the Group’s business operations.

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Any changes in environmental requirements may increase the Group’s compliance costs

Due to the nature of the Group’s business, the operations at construction 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 and waste disposal. The government may revise such regulations 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 construction industry in Hong Kong has a number of participants and is competitive. Occasionally, new participants could enter the industry if they have the appropriate skills, local experience, necessary business network and capital and are granted the requisite licences 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] AND THE SHARES

There has not been any prior public market for the Shares and an active trading market may not develop

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the [REDACTED], there has been no public market for the Shares. The initial [REDACTED] range for the Shares was the result of negotiation between the Company and the [REDACTED] (for itself and on behalf of the Underwriters), and the [REDACTED] may not be indicative of the price at which the Shares will be traded following the completion of the [REDACTED]. In addition, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the [REDACTED], or that the trading price of the Shares will not decline below the [REDACTED].

The trading price of the Shares may also be subject to significant volatility in response to, amongst others, the following factors:

- variations in the Group’s operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by the Group or its competitors;
- changes in investors’ perception of the Group and the investment environment generally;
- developments in the podium facade and curtain wall works industry in Hong Kong;
- changes in pricing made by the Group or the competitors;

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- the liquidity of the market for the Shares; and
- general economic environment and other factors.

Shareholders’ interests may be diluted as a result of additional equity fund-raising or additional Shares are issued by the Group in the future

The Group may need to raise additional funds in the future to finance further expansion of its business. If additional funds are raised through the issuance of new equity or equity-linked securities of the Group other than on a pro rata basis to existing Shareholders, the percentage of ownership of such Shareholders in the Company may be reduced, and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

In addition, the Group may issue additional Shares upon exercise of options to be granted under the Share Option Scheme in the future. The increase in the number of Shares outstanding after the issue 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.

The trading volume and share price of the Shares may fluctuate. Further, any disposal of a substantial number of the Shares by the Controlling Shareholders in the public market could adversely affect the market price of the Shares

The price and trading volume of the Shares may be highly volatile. Factors such as variations in the Group’s revenue, earnings and cash flow, announcements of business development, strategic alliances or acquisitions, new projects, industrial or environmental accidents suffered by the Group, loss of key personnel, changes in ratings by financial analysts and credit rating agencies or litigation could cause large and sudden changes in the volume and price at which the Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of the Shares.

Further, there is no assurance that the Controlling Shareholders will not dispose of, in part or in whole 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 the Controlling Shareholders may have on the market price of the Shares. The sales of the Shares by any of the Controlling Shareholders may materially and adversely affect the prevailing market price of the Shares.

You may face difficulties in protecting your interests under Cayman Islands laws

The Company’s corporate affairs are governed by, amongst others, the Articles of Association, the Companies Law and common law. The rights of the Shareholders to take action against the Directors, actions by minority Shareholders and the fiduciary responsibilities of the Directors to the Company are to a large extent governed by the Companies Law, common law and the Articles of Association. Common law is derived in part from comparatively limited judicial precedent in the

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common law jurisdictions, which may have persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. For further details, please refer to “Summary of the constitution of the Company and Cayman Islands Companies Law” in Appendix III to this [REDACTED].

RISKS RELATING TO THIS [REDACTED]

Investors should not place undue reliance on facts, statistics and data contained in this [REDACTED] with respect to the economies and the industry

Certain facts, statistics and data in this [REDACTED] are derived from various sources including various official government sources that the Group believe to be reliable and appropriate for such information. However, the Group cannot guarantee the quality or reliability of such source materials and the Group has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Whilst the Directors have taken reasonable care in extracting and reproducing the information, they have not been prepared or independently verified by the Group, the Sole Sponsor, the [REDACTED], the Underwriters or any of their respective directors, affiliates or advisers. Therefore none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the statistics in this [REDACTED] may be inaccurate or may not be comparable to statistics produced for other publications or purposes and you should not place undue reliance on them. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on, such information or statistics.

Investors should read the entire [REDACTED] and the Group strongly caution you not to place any reliance on any information contained in press articles, other media and/or research reports regarding the Group, its business, its industry and the [REDACTED]

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RISK FACTORS

The Group’s future results could differ materially from those expressed or implied by the forward-looking statements

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