*Potential investors should carefully consider all of the information set out in this document and, in particular, should consider the following risks and special consideration associated with an investment in our Company before making any investment decision in relation to the* **[REDACTED]**. *If any of the possible events as described below materialises, our 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 OUR BUSINESS

### Our top five customers accounted for a major portion of our revenue and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial performance

Our top five customers accounted for 99.2%, 99.6%, 97.0% and 94.4% of our revenue for FY2015/16, FY2016/17, FY2017/18 and the four months ended 31 July 2018, respectively, among which 67.7%, 65.9%, 65.4% and 65.1% of our total revenue were attributable to our largest customer for the same period. We do not enter into any long-term agreements with our customers as contracts are awarded to us on a project basis either through a tender process or a quotation invitation.

We cannot assure you that we will be able to retain our major customers in the future. Our results of operations, profitability and liquidity may be materially and adversely affected if we are unable to secure new projects from our major customers or fail to procure similar level of business from new customers on comparable commercial terms to offset the loss of revenue from our major customers.

In addition, our business, financial condition and results of operations also depend on the financial condition and commercial success of our major customers. If any of our top five customers shall become unwilling or unable to make payments, we may be unable to recover significant amounts of trade receivables and our cash flow and financial position may be materially and adversely affected.

### Our revenue is mainly derived from projects which are non-recurring in nature and there is no guarantee that our customers will provide us with new businesses

Our revenue is typically derived from projects which are non-recurring in nature and our customers are under no obligation to award projects to us. During the Track Record Period, we secured new businesses mainly through direct invitation for quotation or tender by customers. We cannot assure you that (i) we will be invited to provide quotations or participate in the tendering process for new projects; and (ii) our submitted quotations and tenders will be selected by customers. Accordingly, the number and scale of projects and the amount of revenue we are able to derive therefrom may vary significantly from period to period, and it may be difficult to forecast the volume of future business.

For FY2015/16, FY2016/17, FY2017/18 and the four months ended 31 July 2018, we recorded a tender/quotation success rate of approximately 28.3%, 27.0%, 38.4% and 40.0%, respectively. Our Directors consider that our tender/quotation success rate depends on a range of factors, which primarily include our tender/quotation price and our track records. We cannot assure you that we can achieve the same or higher tender/quotation success rate in the future as we did in the past. In the event that we fail to secure new contracts or there is a significant decrease in the number of tender/quotation invitations or contracts available for bidding in the future, our business, financial position and prospects may materially and adversely affected.

**We face liquidity risk in relation to working capital requirements associated with undertaking contract works and possible failure by customers to make timely or full payments**

When undertaking contract works, our Group may incur net cash outflows at the early stage of carrying out our works when we are required to pay the initial expenditures (such as purchase of materials) and/or our subcontractors prior to payment received from our customers. Our customers will pay progress payments after our works commence and after such works and payments have been confirmed and certified by our customers. Therefore, there are often time lags between making payments to our suppliers and receiving payments from our customers, resulting in possible liquidity risk. If we choose to pay our suppliers only after receiving payments from our customers, we will risk our reputation in being able to make payments on a timely manner, which could harm our ability to engage capable and quality suppliers for our business in the future. On the other hand, after we apply for payment from our customers, there is generally an examination process on works completed and we cannot guarantee that our customers will pay in a timely manner or pay the full amount invoiced by us.

If we fail to properly manage our liquidity position in view of such working capital requirements associated with undertaking contract works, our cash flows and financial position could be materially and adversely affected.

**We determine our quotation or tender price based on the estimated time and costs involved in a project and any material inaccurate estimation or cost overrun may adversely affect our financial results**

When determining our quotation or tender price, our management would estimate the time and costs involved in a project. We cannot assure you that the actual amount of time and costs during the performance of our projects will not exceed our estimation. The actual amount of time and costs incurred in completing a project may be adversely affected by many factors, including unforeseen site conditions, adverse weather conditions, accidents, non-performance by our subcontractors, unexpected significant increase in costs of construction materials agreed to be borne by us, and other unforeseen problems and circumstances.

Any material inaccurate estimation in the time and costs involved in a project may give rise to delays in completion of works and/or cost overruns, which in turn may materially and adversely affect our financial condition, profitability and liquidity.

**Underperformance or unavailability of our subcontractors may materially and adversely affect our operation and profitability**

We have in the past relied on and expect to continue to rely on our subcontractors to complete a substantial part of our projects. For FY2015/16, FY2016/17, FY2017/18 and the four months ended 31 July 2018, our subcontracting charges amounted to approximately HK$134.5 million, HK$203.1 million, HK$276.9 million and HK$121.4 million, respectively. We maintain an internal list of approved subcontractors, which is updated on an ongoing basis. Changes in our subcontracting charges may be resulted from changes in labour costs and materials or project-specific requirements. Therefore, we may suffer from cost overrun or even losses in the relevant projects if the subcontracting charges we need to pay exceed our initial estimation due to project delays.

Moreover, we cannot assure you that the quality of works completed by our subcontractors can always meet our customers' requirements. We rely on the due and timely performance of our subcontractors for timely delivery of our works. If our subcontractors' performance are not up to standard, we may not be able to rectify the substandard works or engage another subcontractor in time or at all. We may also not be able to replace materials of inferior quality procured by our subcontractors in time or at all or unless at extra costs. Any material non-performance, delayed performance or substandard performance of our subcontractors could result in deterioration of our service quality or unexpected delays in our scheduled completion time or even our ability to complete our projects, which could in turn damage our reputation, and potentially expose us to liability under the main contracts with our customers.

In addition, we cannot assure you that we can secure suitable subcontractors when required or obtain acceptable fees and terms of service with our subcontractors, as these may be affected by factors beyond our control, such as the number of available or on-going projects in the market or pricing policy and business strategies of our subcontractors. In such event, our operation and profitability may be adversely affected.

**If we are unable to receive progress payments on time and in full or recover our contract assets, or if retention money is not fully released to us after expiry of the defects liability period, our liquidity and financial position may be materially and adversely affected**

We generally receive monthly progress payments from our customers according to the work done or service rendered. Such monthly progress payments are assessed and agreed to by our customers before we issue an invoice to them. For further details of the key payment terms of our projects, please refer to the section headed "Business – Our customers – Principal terms of engagement with our customers" in this document.

Some of our fitting-out contracts provide that our customers shall be entitled to retain up to 10% of each progress payment, in aggregate subject to a maximum retention of 5% of the total contract sum as retention money. As at 31 March 2016, 2017, 2018 and 31 July 2018, our retention receivables amounted to approximately HK$2.9 million, HK$8.9 million, HK$4.8 million and HK$12.8 million, respectively.

Contract assets primarily relate to our Group's rights to consideration for work completed but not yet billed at the reporting date. Contract assets are transferred to trade receivables when the rights become unconditional upon rending of the billings. Our Group recorded contract assets of approximately HK$62.5 million, HK$67.7 million, HK$94.5 million and HK$91.7 million as at 31 March 2016, 2017 and 2018 and 31 July 2018, respectively. For details of the subsequent settlement of these contract assets, please refer to the section headed "Financial information – Discussion on selected statement of financial position items – Contract assets and liabilities" in this document.

We cannot assure you that the financial position of our customers will remain solvent or that our customers will settle our progress payments or release the retention money on time or that we will be able to recover our contract assets in full or at all in the future. If we are unable to receive our progress payments and retention money or recover our contract assets, our liquidity and financial position may be materially and adversely affected.

**Our historical growth rate, revenue and profit margin may not be indicative of our future financial performance**

For FY2015/16, FY2016/17, FY2017/18 and and the four months ended 31 July 2018, our revenue amounted to approximately HK$240.1 million, HK$346.4 million, HK$560.3 million and HK$209.5 million, respectively. For the same period, our net profit amounted to approximately HK$11.9 million, HK$27.1 million, HK$38.6 million and HK$9.3 million while our gross profit amounted to approximately HK$23.8 million, HK$42.2 million, HK$61.4 million and HK$24.4 million, respectively, whereas our gross profit margin was 9.9%, 12.2%, 11.0% and 11.7%, respectively. For a detailed discussion of our results of operation, please refer to the section headed "Financial information".

There is an inherent risk in using our historical financial information to project our future financial performance, as they do not have any positive implication or may only reflect on our past performance under certain conditions. Our future performance will depend on, among others, our ability to secure new contracts, control our costs, market conditions in Hong Kong, and competition among contractors. All these may reduce the number of projects awarded to us and/or limit profit margin of our projects.

In addition, our profit margin may also fluctuate from period to period due to factors such as (i) our ability to accurately estimate our costs when submitting a tender; (ii) the complexity and size of the project; (iii) subcontracting charges; and (iv) our pricing strategy. We cannot assure you that our profit margin will remain stable in the future and that we can maintain our current level of performance.

**Our revenue and profit margin are subject to fluctuations driven by variation orders, and our historical revenue and profit margin may not be indicative of our future financial performance**

Our customers may, in the course of project execution, place orders concerning variation to part of the fitting-out services that is necessary for the completion of the project. Such orders are commonly referred to as variation orders. For FY2015/16, FY2016/17, FY2017/18 and the four months ended 31 July 2018, our total revenue amounted to approximately HK$240.1 million, HK$346.4 million, HK$560.3 million and HK$209.5 million, of which our revenue recognised for variation orders amounted to approximately HK$8.8 million, HK$21.1 million, HK$39.5 million and HK$28.5 million, respectively. For further details on variation orders, please refer to the section headed "Business – Our customers – Contracts for fitting-out services – Variation orders" in this document.

Given the nature of our business, our revenue and profit margin are inherently subject to fluctuations driven by variation orders. Our revenue and profit margin is affected by the amount of variation orders requested by our customers and the timing of their requests from year to year. The amount and timing of variation orders vary depending on the practice and procedures of our customers, the complexity and scale of the variation orders and the number of variation orders involved. Where the works under the variation order is the same or similar to the works prescribed in the contract, the rate of the works under the variation order usually accord with the bills of quantity in the original contract. If there was no equivalent or similar items under the original contract for reference, we will further agree on the rates with our customers. We cannot assure you that the amount of fees and charges as finally agreed with our customers would be sufficient to recover our costs incurred or provide us with a reasonable profit margin or the amount of revenue derived from our projects on hand will not be substantially different from the original contract sum as specified in the relevant contracts. Our financial condition may be adversely affected by any decrease in our revenue and gross profit margin as a result of variation orders. As a result, we cannot assure you that our revenue and profit margin in the future will remain at a level comparable to those recorded during the Track Record Period.

**Net cash outflow from operating activities may materially and adversely affect our business, financial condition and results of operation**

We recorded net cash used in operating activities of approximately HK$7.4 million for the four months ended 31 July 2018 due to (i) the repayment of amount due to a director during the four months ended 31 July 2018 and the amount and timing of receipts from our customers as well as the amount and timing of payments to our suppliers as at 31 July 2018; and (ii) the contract liabilities for Project 13, Project 15 and Project 16 utilised during the four months ended 31 July 2018. Please refer to the section headed "Financial information – Liquidity and capital resources – Cash flows from operating activities" in this document for further details. We cannot assure you that we will not experience net cash outflow in the future. Net operating cash outflow could impair our ability to make necessary capital expenditures and constrain our operational flexibility as well as adversely affect our ability to meet our liquidity requirements. If we do not have sufficient cash to fund our future capital requirements, settle our trade payables and outstanding debt obligations when they become due, we may need to significantly increase our external borrowings. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or curtail our business expansion plans. As a result, our business, financial condition and results of operations may be materially and adversely affected.

**Our success depends significantly on our key management and our ability to attract and retain additional technical and management staff**

Our success and growth depend to a large extent on our ability to retain the services of our key management personnel including Mr. Man, being an executive Director and the chairman of our Board, Mrs. Man, an executive director, and Mr. Ho, being an executive Director and our chief executive officer. Our Directors believe that our key management personnel possess the relevant knowledge, experience and skills, especially in their familiarity with our business, relationship with our customers and expertise and therefore is essential to us in carrying out our business and future plans.

The expertise of our project management staff is crucial in improving our overall project management and implementation in a cost-effective manner so as to improve our profit margin. Our success and growth also depends on our ability to identify, hire, train and retain suitable skilled and qualified employees. We cannot assure you that we will be able to attract and retain our key management personnel or project management staff. If we fail to retain capable and experienced employees or find suitable replacements in a timely manner, our business, financial condition and results of operation may be materially and adversely affected.

**Project delays may materially affect our reputation and financial position**

Our projects are subject to specific completion schedule requirements with liquidated damages levied against us if we fail to meet the schedule. Liquidated damages are typically levied at an agreed rate of the contract sum for each day of delay, in which the delay is caused by us. The actual time to complete a project may be adversely affected by various factors which are beyond our control, including typhoon and other natural disasters, shortage of materials and labour, additional variations to the original project plan as a result of additional requests from our customers or technical needs, disputes with our subcontractors, accidents and other unforeseen problems or circumstances. We cannot assure you that the time extension, if granted by our customers, will be sufficient for the actual work to be carried out. We had not been required to pay any material liquidated damages in our projects undertaken during the Track Record Period and up to the Latest Practicable Date. We cannot assure you that we will not be charged with any liquidated damages in the future. Any failure to meet the time requirements in our contracts could lead to significant liquidated damages payable by us, which may materially and adversely affect our reputation and financial position.

**If our revenue does not increase proportionately with our staff costs in light of our expansion plan, our liquidity and financial position may be materially and adversely affected**

Although we strategically subcontract on-site labour intensive works to our subcontractors in order to optimise our business operation, our Directors consider that going forward, it may be beneficial for us to carry out the labour intensive works using our own direct labour resources rather than subcontracting since the use of our own labour resources would generally lead to a higher profit margin for our Group as compared to that of the adoption of subcontractors since we have more control as to the profit markup, as well as more control on the availability of labour resources and their performance. In addition, we may also need to hire additional project management and office staff to cope with our expansion plan. We intend to apply approximately **[REDACTED]**% of the **[REDACTED]** from the **[REDACTED]** (approximately HK$**[REDACTED]** million) for expanding our workforce through hiring a total of 44 additional staff. For details on how we intend to apply **[REDACTED]** from the **[REDACTED]** for strengthening our manpower, please refer to the section headed "Future plans and **[REDACTED]** – **[REDACTED]**" in this document.

As a result, we may face increasing staff costs as compared to our staff costs incurred during the Track Record Period in light of our expansion plan. We cannot assure you that our revenue will increase proportionately with our staff costs under our expansion plan. If we are unable to generate revenue proportionately with our increased staff costs, our liquidity and financial position may be materially and adversely affected.

**The amount of performance bonds we are required to provide may expose us to liquidity risk**

During the Track Record Period, we were not required to obtain performance bonds for our projects but we may be required to do so when we obtain new contracts in the future. As at the Latest Practicable Date, we had been awarded two contracts (i.e. Project 25 and Project 47 under the table of projects on hand set out in the section headed "Business - Our projects undertaken during the Track Record Period – Projects on hand" in this document) at an original contract sum of approximately HK$15.8 million and HK$10.3 million, respectively, under which we were contractually required to obtain performance bonds from a bank in order to secure our due and timely performance. The performance bonds will be taken out upon further instruction from our customers. We had also submitted tenders for fitting-out projects as at the Latest Practicable Date with new customers which may require us to provide performance bonds. For details, please refer to the table of potential projects set out in the section headed "Future plans and **[REDACTED]** – **[REDACTED]**" in this document. The amount of performance bonds to be obtained would amount to 10% of the original contract sum. We would be required to pledge our deposits with the bank representing the same amount of performance bonds to be obtained for the projects.

Given our intention to expand our market share through undertaking more sizeable fitting-out projects, in particular from new customers, we may inevitably encounter tender/quotation invitations that require us to obtain performance bonds to secure our performance. The performance bonds are generally issued by banks and secured by deposits pledged with the banks. Significant amount of cash deposits pledged may adversely affect our liquidity position. Further, if we fail to perform our obligations under contracts, the bank will compensate our customers up to the amount of the performance bond on demand and in turn we will then become liable to compensate the bank. In such circumstances, our business, financial condition and results of operations will be adversely affected.

**We may not be able to implement our business strategies and future plans successfully**

Whether we can successfully implement our business strategies and future plans as described in the section headed "Future plans and **[REDACTED]**" in this document are based on current estimates and assumptions and depend on a number of factors including the availability of funds, market competition and our ability to retain and recruit competent employees. Some of the factors are beyond our control and by nature, are subject to uncertainty, such as general market conditions in Hong Kong and changes in government policy or regulatory regime of the fitting-out industry in Hong Kong. We cannot assure you that we can implement our business strategies and future plans successfully. If we fail to do so, our profitability and prospects may be materially and adversely affected.

**We are exposed to disputes, claims or litigation**

As a fitting-out contractor, we are subject to claims in respect of various matters from our customers, suppliers, subcontractors, workers and other parties concerned with our 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 the works. In addition, we may, from time to time, face prosecutions relating to labour safety offences arising from our or our subcontractors' failure to comply with relevant work safety legislation or other health or environmental offences. Any of such claims may cause us to incur material costs or losses hence materially and adversely affect our business, financial condition and results of operations. Further, the outcome of a claim is subject to relevant parties' negotiation, decision of the court or relevant arbitration organisation and it can be unfavourable to us. Should such claims fall outside of the scope and/or limit of our insurance coverage or retention moneys retained from our subcontractors, our financial position and results of operation may be materially and adversely affected.

**Our insurance coverage may not be sufficient to cover all losses or potential claims that we may be exposed to in the future**

We are generally protected by both the contractor's all risks and third party liability insurance and employees' compensation insurance which, depending on the terms of the relevant contracts, are taken out either by the project owners or their main contractors. We cannot assure you that the current level of insurance we maintain is sufficient to cover all potential risks and losses that we may be potentially exposed to. Should any significant property damage or personal injury occur in our worksites due to accidents, natural disasters, or similar events which are not wholly or sufficiently covered by insurance, our business may be materially and adversely affected, potentially leading to a loss of assets, lawsuits, employee compensation obligations, or other form of economic loss. In the event that we incur unexpected losses or losses that far exceed the policy limits, our business, financial position, results of operation and prospects may be materially and adversely affected.

## RISKS RELATING TO OUR INDUSTRY

**Our industry is fragmented and competitive**

According to the Ipsos Report, the fitting-out industry in Hong Kong is fragmented and competitive and there are no particular licensing requirements for carrying out fitting-out works in the private sectors. According to the Construction Industry Council, as of 31 October 2018, there were 700 companies registered as subcontractor under the category of renovation and fitting-out with the Construction Industry Council. Some of our competitors may have more resources, longer operating histories, stronger relationship with customers and reputable brand names and therefore we may face competition from other existing and/or new contractors in the tender process for fitting-out projects. Due to the large number of competitors, we may face significant downward pricing pressure thereby reducing our profit margins. We cannot assure you that our profit margin will not decline as a result of the price pressure. If we cannot adapt effectively to market conditions and customer preferences or otherwise fail to provide a competitive bid as compared to our competitors, our services may not be attractive to customers and our business may be materially and adversely affected. Our competitors may also adopt aggressive pricing policies or develop relationships with our customers in a manner that could significantly harm our ability to secure contracts. If we fail to maintain our competitiveness in the future, our business, financial condition and results of operation may be materially and adversely affected.

**Escalating labour costs and an aging labour force may materially and adversely affect our profit margin**

According to the Ipsos Report, similar to the construction industry in Hong Kong, fitting-out contractors also face the problem of increasing construction costs due to the inflation of labour costs. The average daily wages of workers in the fitting-out industry in Hong Kong increased by 36.7% between 2013 and 2017, reaching HK$1,285.0 per day in 2017. The significant increase in labour costs may result in an increase in subcontracting charges, thereby reducing our profit margin.

In addition, according to the Ipsos Report, an aging labour force may threaten the development of the fitting-out industry. According to the Construction Industry Council, as of September 2018, nearly 41.9% of 473,110 registered workers in Hong Kong were aged 50 or above. This implies potential labour shortage problems in the future, which may further escalate labour costs in the industry. Our subcontractors may pass on the increase in their labour costs to us by increasing their subcontracting charges. In the event labour costs continue to increase and we fail to pass on the increased costs to our customers, our profitability may be materially and adversely affected.

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

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

In addition, any personal injuries and/or fatal accidents to the employees of our Group and our subcontractors may lead to claims or other legal proceedings against our Group. Any such claims or legal proceedings could adversely and materially affect our financial position to the extent not covered by insurance policies. Also, notwithstanding the merits of any such claims or legal proceedings, we need 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 our business operations.

**Any future changes in existing laws, regulations and Government policies, including but not limited to the introduction of more stringent laws and regulations on licensing, environment protection, labour safety, etc. may cause us to incur substantial additional expenditure**

Many aspects of our business operation are governed by various laws and regulations and Government policies. There is no assurance that we will be able to respond to any such changes in a timely manner. Such changes may also increase our costs and burden in complying with them, which may materially and adversely affect our business, financial condition and results of operation. If there are any changes to and/or imposition of the requirements for qualification in the fitting-out industry in relation to environment protection and labour safety, and we fail to meet the new requirements in a timely manner or at all, our business operation will be materially and adversely affected.

## RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG

**Conducting business in Hong Kong involve certain political risks**

Hong Kong is a special administrative region of the PRC and enjoys a high level of autonomy under the principle of "one country, two systems". However, we cannot assure you that the implementation of the "one country, two systems" principle and the level of autonomy as currently in place will be maintained in the future. Any change of such political arrangements may have an impact on the economy in Hong Kong, thereby directly affecting our Hong Kong operation. Our business, financial condition and results of operation may as a result be materially and adversely affected.

**Our financial performance may be adversely affected by any downturn in the Hong Kong market**

During the Track Record Period, our revenue was solely derived from our operation in Hong Kong. We specialise in providing fitting-out services to residential properties in the private sector in Hong Kong. To a lesser extent, we also supply fitting-out materials such as timber products upon customers' requests in Hong Kong. Any unforeseen circumstances, such as natural disasters, economic recession, outbreak of an epidemic and any other incidents in Hong Kong may hinder the economic growth in Hong Kong, thereby materially and adversely affecting our business, financial condition and results of operation.

## RISKS RELATING TO THE [REDACTED] AND OUR SHARES

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

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

### Shareholders' interests may be diluted as a result of additional equity financing or additional Shares being issued by us in the future

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

In addition, we 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 price of our Shares may fluctuate. Further, any disposal of a substantial number of Shares by our Controlling Shareholders in the public market may adversely affect market price of our Shares

The trading volume and price of our Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, announcements of business development, strategic alliances or acquisitions, new projects, industrial or environmental accidents suffered by us, loss of key personnel, changes in ratings by financial analysts and credit rating agencies or litigation may cause large and sudden changes in the volume and price at which our 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 our Shares.

Further, we cannot assure you that our 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]**. We cannot predict the effect, if any, of any future sale of our Shares by any of our Controlling Shareholders on the market price of the Shares. Sale of our Shares by any of our Controlling Shareholders may materially and adversely affect the prevailing market price of our Shares.

### The [REDACTED] is entitled to terminate the [REDACTED]

Prospective investors should note that the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) is entitled to terminate its obligations under the **[REDACTED]** by giving notice in writing to us upon the occurrence of any of the events set out in the section headed "**[REDACTED]** – Grounds for termination" in this document at any time prior to 8:00 a.m. (Hong Kong time) on the **[REDACTED]**. Such event may include, without limitation, any acts of God, wars, riots, public disorder, civil commotion, economic sanction, epidemic, fire, flood, explosions, acts of terrorism, earthquakes, strikes or lock-outs.

### Difficulties in enforcing Shareholder rights due to difference in jurisdictions

Our Company is an exempted company incorporated in the Cayman Islands with limited liability. Our corporate affairs are governed by, among others, the Articles of Association, the Companies Law and common law of the Cayman Islands. The rights of our Shareholders to take action against our Directors, action by minority Shareholders and the fiduciary responsibilities of our Directors to our Company are to a large extent governed by the common law of the Cayman Islands and the Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has 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. Furthermore, shareholders of Cayman Islands companies may not have standing to initiate a shareholder derivative action in Hong Kong courts.

### Granting options under the Share Option Scheme may affect our Group's result of operation and dilute Shareholders' percentage of ownership

Our Company may grant share options under the Share Option Scheme in the future. The fair value of the options on the date on which they are granted with reference to the valuer's valuation will be charged as share-based compensation, which may adversely affect our Group's results of operation. Issuance of Shares for the purpose of satisfying any award made under the Share Option Scheme will also increase the number of Shares in issue after such issuance and thus may result in the dilution to the percentage of ownership of the Shareholders and the net asset value per Share. No option has been granted pursuant to the Share Option Scheme as at the Latest Practicable Date. For a summary of the terms of the Share Option Scheme, please see the paragraph headed "D. Share Option Scheme" in Appendix IV to this document.

## RISKS RELATING TO THIS DOCUMENT

### We cannot assure you that we will declare or distribute any dividend in the future

Any decision to declare and pay any dividends would require the recommendations of our Board and approval of our Shareholders. Any decision to pay dividends will be made having regard to factors such as the results of operation, financial condition and position, and other factors deemed relevant. Any distributable profits that are not distributed in any given year may be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operation. We cannot assure you that we will be able to declare or distribute any dividend. Our future declarations of dividends will be at the absolute discretion of our Board.

**Certain facts, statistics and data contained in this document have not been independently verified and may not be reliable**

Certain facts, statistics and data in this document are derived from various sources including various official government sources that we believe to be reliable and appropriate for such information. However, we cannot guarantee the quality or reliability of such source materials. We believe that the sources of the said information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted rendering such information false or misleading. Nevertheless, such information has not been independently verified by us, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]** or any of their respective directors, affiliates or advisers and therefore, none of them makes any representation as to the accuracy or completeness of such facts, statistics and data. Furthermore, we cannot assure you 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 document and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research reports**

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