RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider all the information in this **[REDACTED]** *document and, in particular, the risks and uncertainties described below before making an* **[REDACTED]** *in our Shares.*

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occur, the **[REDACTED]** *of our Shares could decline and you may lose all or part of your* **[REDACTED]**. *You should seek professional advice from your relevant advisers regarding your prospective* **[REDACTED]** *in the context of your particular circumstances.*

RISKS RELATING TO OUR BUSINESS

Our previous financial performance may not be indicative of our future revenue and profit margin, in particular, the revenue growth in FY2020, FY2021 and 5M2022 was due to one-off impact of events

Our revenue during the Track Record Period was approximately HK$295.2 million, HK$481.6 million, HK$365.8 million and HK$210.0 million, respectively, our profit and total comprehensive income was approximately HK$17.7 million, HK$47.1 million, HK$66.2 million and HK$24.7 million, respectively. For FY2020, FY2021 and 5M2022, certain of our revenue was recognised from (i) the provision of Station Control Services of approximately HK$164.4 million for FY2020; and (ii) the COVID-19 Detection Support Services of approximately HK$0.5 million, HK$82.5 million and HK$70.5 million for FY2020, FY2021 and 5M2022, respectively. In addition, a government grant of approximately HK$39.7 million was recognised and net off with the employee benefit expenses for FY2021. Overall, we experienced rapid revenue growth in FY2020, FY2021 and 5M2022 mainly because of our provision of Station Control Services and COVID-19 Detection Support Services which are non-recurring in nature. The Station Control Services, COVID-19 Detection Support Services and the government grant were all non-recurring in nature. As such, if we are not awarded similar contracts or do not receive similar grants in the future, our results of operations and financial condition could be adversely affected. In addition, given that our business is contract-based and our Group generally has not entered into any contracts with a duration of more than three years, and that the majority of our revenue was generated from contracts awarded through tendering during the Track Record Period, there is no assurance that we will always be able to maintain similar levels of revenue and profitability as those during the Track Record Period. Therefore, our previous financial record may not reflect our future revenue and profits.

Our financial performance in the future will depend on our capability to secure new business opportunities and contracts to provide services, and to control our costs. We cannot assure you that we will be able to secure new contracts with our current or new clients upon the expiration or termination of the contracts with our current clients, particularly as the contracts we secured through tendering were awarded based on many factors. There is no guarantee that our existing contracts will be extended upon expiry or that new contracts will be awarded to us. Furthermore, profit margins for our services may vary from contract to contract due to factors such as the contract price and the amount of labour resources required. There is no assurance that our revenue and profit margins will remain at a level comparable to those recorded during the Track Record Period. Our financial condition may be adversely affected by any decrease in our profit margin despite our previous financial performance.

We rely on the Hong Kong public sector during the Track Record Period. Any decrease or loss of business from any one of our major clients from the public sector or recurring clients may adversely affect our business, results of operations and financial condition

During the Track Record Period, (i) revenue derived from clients in the public sector accounted for approximately 81.7%, 89.0%, 86.7% and 84.2% of our total revenue, respectively; and (ii) approximately 99.1%, 99.3%, 96.3% and 90.6% of our revenue was contributed by our recurring clients, respectively. Our contracts with our clients generally do not include long-term obligations requiring them to use our services. For contracts that do not include an option to extend or renew the duration of the contract term, we are required to submit new tenders upon the expiration of existing or renewed contracts or bid for new contracts from time to time. As such, there is no guarantee that our clients will continue to engage us with the same volume of business, or at all, in the future or that we will be able to replace, in a timely or effective manner, departing clients with potential clients that deliver comparable level of revenue.

If our clients in the public sector or recurring clients reduce their demand for our services, decrease their spending for our services, request for more competitive fees, terminate our contracts prior to the expiry date, engage the services of our competitors or refuse to award new tender contracts to our Group, our business, financial position and results of operations may be materially and adversely affected.

We cannot assure you that we will be able to maintain or improve our relationship with our major clients in the public sector or recurring clients, and we cannot assure you that we will be able to continue to provide services to them at current levels on similar terms, or at all. Our use of resources and management attention to continue our relationship with our major clients in the public sector or recurring clients and provide services to them may also reduce resources devoted to our other clients and business activities. In the event that our major clients in the public sector or recurring clients cease to engage us to provide services and we fail to replace such clients, our business, results of operations and financial condition may be materially and adversely affected.

Significant portion of our revenue during the Track Record Period was generated from contracts with the Railway Corporation. If these contracts are not renewed, our business, results of operations and financial condition may be adversely affected

Revenue from contracts with Railway Corporation, our largest client during FY2019, FY2020 and FY2021, were approximately HK$162.6 million, HK$344.5 million, HK$152.5 million and HK$67.7 million during the Track Record Period, respectively, representing approximately 55.1%, 71.5%, 41.7% and 32.3% of our total revenue during the same period, respectively. As such, revenue generated from the Railway Corporation made up a significant portion of our total revenue during the Track Record Period.

We expect to continue to derive a significant portion of our revenue from the Railway Corporation in the near future. We cannot assure you that we will be invited for tendering or awarded new contracts, or be able to renew or extend the contracts upon their expiration, including the XRL Contracts, or that the terms and conditions of the new, extended or renewed contracts, if any, will be comparable to existing contracts or be commercially acceptable to us, or the Railway Corporation will not terminate the contracts with us in the future. If we lose any contracts, or our business relationship with the Railway Corporation deteriorates, our business, results of operations and financial condition may be adversely affected.

A significant portion of our revenue was derived from the provision of security services. If our Security Company Licence is revoked, suspended or not renewed, or if we experience material delay in renewing such licence, our business, results of operations and financial condition may be materially and adversely affected

The major source of our revenue during the Track Record Period was derived from the provision of security services. The revenue generated from the provision of security services for the Track Record Period was approximately HK$267.5 million, HK$452.2 million, HK$336.9 million and HK$197.9 million, respectively, representing approximately 90.6%, 93.9%, 92.1% and 94.2% of our total revenue, respectively. We cannot assure you that there will not be any material adverse change in the market trend, development or demand in the security services industry, our existing client base for security services and the labour market for security service personnel. Should we fail to adapt to such changes in the industry, experience an interruption in our security services business or fail to respond to changes in demands from our existing or prospective clients, our operations and financial conditions may be significantly and adversely affected.

In particular, as at 31 August 2021, IWS Security, our operating subsidiary, was licensed to provide Type I security work (namely provision of security guarding services) in Hong Kong. We were not licensed to carry out Type II security work (namely provision of armoured transportation services), or Type III security work (namely installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device). In the event that our Security Company Licence for carrying out Type I security work is revoked, suspended or not renewed by the Security Authority, or if we experience material delays in renewing our Security Company Licence, or if there are circumstances leading to a sharp decrease in demand for Type I security work in Hong Kong, our business, results of operations and financial condition may be materially and adversely affected.

A significant number of our contracts were awarded through tendering. There is no guarantee that new contracts will be awarded to us

A significant portion of our revenue was generated from contracts awarded through tendering during the Track Record Period. During the Track Record Period, revenue generated from tendering accounted for approximately 81.4%, 88.9%, 74.8% and 55.1% of our total revenue, respectively. Revenue generated from tendering decreased in FY2021 and 5M2022 because most of the contracts in relation to COVID-19 Detection Support Services which generated revenue of approximately HK$82.5 million for FY2021 and HK$70.5 million for 5M2022 were not obtained through tendering. Our tender success rate was approximately 34.6%, 44.4%, 50.9% and 20.0% during the Track Record Period, respectively. Some of our existing major clients evaluate tenders based on different financial and non-financial considerations. Please refer to the section headed "Business — Sales and Marketing — Our major contractual terms" in this **[REDACTED]** document for details of the tendering requirements as well as renewal or extension of our existing contracts. We cannot assure you that we will meet the tendering requirements or that our overall score under the clients' evaluation system (if applicable) can be maintained.

Even if we are able to meet the tendering requirements, we cannot assure you that (i) we would be invited or made aware of the tender; (ii) the terms and conditions of the new contracts would be comparable to our existing contracts; (iii) the terms and conditions of the potential contracts, shall they materialise, may be commercially acceptable to us; or (iv) our tenders would ultimately be selected by the prospective clients. In the competitive tendering process, we may have to lower our service fees or offer more favourable terms to our clients in order to increase the competitiveness of our tenders, and may not be able to reduce our costs accordingly. If we are unable to secure new contracts, or do so at terms comparable to our existing contracts, our business, results of operations and financial conditions may be adversely affected.

If any of our clients, in particular our five largest clients, vary, terminate or suspend the contracts with us prior to the expiry date, our revenue stream and profitability may be adversely affected

During the Track Record Period, revenue attributable to our five largest clients amounted to approximately HK$250.1 million, HK$441.7 million, HK$300.3 million and HK$175.8 million, representing approximately 84.7%, 91.7%, 82.1% and 83.8% of our revenue, respectively. We generally enter into written contracts with our clients for the provision of security services and facility management services, but our clients may be entitled to vary the terms of the contract including the total contract sum of a fixed fee contract, during the contract duration. For examples of variation of contract terms, please refer to the section headed "Business — Sales and marketing — Our major contractual terms" in this **[REDACTED]** document.

In addition, due to the nature of our services, our contracts include Fixed-term Contracts, Ad-hoc Contracts and Event Contracts. A majority of the Fixed-term Contracts, which accounted for approximately 91.1%, 96.0%, 95.7% and 96.7% of our total revenue during the Track Record Period, respectively, have a term of up to three years, some of which, including the XRL Contracts, have an option to renew or extend the duration. However, our clients may in general terminate the contracts without cause by serving one to three months' written notice to our Group. The Hong Kong Government may also suspend some of our existing contracts upon serving notice.

Moreover, given the competition in the security services industry and the background of most of our five largest clients during the Track Record Period, such clients have a relatively stronger bargaining power and enjoy strong market positions which may negatively affect our bargaining power on pricing and other terms when negotiating contractual terms with such clients.

We cannot assure you that our clients will not exercise their rights to vary, terminate or suspend any part of the services performed by us or any contract with us in the future. If contracts are varied, terminated or suspended by our clients, in particular our five largest clients, our revenue stream and profitability may be adversely affected.

Any outbreak of communicable disease in Hong Kong, including but not limited to COVID-19, severe acute respiratory syndrome, swine influenza, etc., could have a material and adverse effect on our business

Any outbreak of communicable disease in Hong Kong could have a material and adverse effect on our business. If any of our employees are affected by any communicable disease outbreaks, we may be required to temporarily shut down our offices and to prohibit our staff from going to work to circumvent the spread of the disease. Such closures could severely disrupt our business operations and materially and adversely affect out results of operations. In addition, any outbreak of communicable disease in Hong Kong could also adversely affect our clients' business activities. Functions or promotional activities such as exhibitions, concerts, annual meetings and gatherings and press release functions of which security service personnel are required may be cancelled and places requiring security services may be closed down resulting in decrease in demand in security services. Therefore, our business operations and financial conditions could be adversely affected.

Failure to enter into formal written agreements in respect of our services provided upon urgent demand may lead to uncertainty in terms of our engagement. If we do not receive service fees for such urgent demand, our results of operations and financial conditions may be adversely affected

Due to the nature of our services, our clients may sometimes require our security services urgently, such as unexpected crowd control at railway stations for public order events in 2014 and temporary relief of existing personnel. In such circumstances, we may be required to mobilise our manpower to satisfy the ad-hoc or urgent demand from our clients based on verbal agreements between the parties. We may only be able to issue an invoice and/or receive a formal purchase order from our clients after our services are rendered. Revenue derived from ad-hoc contracts accounted for approximately 7.5%, 3.8%, 4.3% and 3.3% of our total revenue during the Track Record Period, respectively. For the measures adopted in relation to such arrangement, including sending emails to our clients to confirm the engagement, please see the section headed "Business — Sales and marketing — Our major contractual terms" in this **[REDACTED]** document. Without a formal written agreement to document the respective rights and obligations of the parties, we face uncertainty relating to the terms and condition of our engagement. Our clients may disagree with us on the interpretation or applicability of different terms and conditions including the service fee, nature of services provided and payment arrangement. Even if services are rendered, we may not be able to receive all or any part of our service fee in a timely manner or at all, which may materially and adversely affect our business operations and financial performance.

Security and facility management services are highly labour intensive and we rely on a stable supply of labour to provide our services; however, overestimation of the necessary manpower for new contracts may also adversely affect our business, results of operations and financial condition

Our business operations are labour intensive and we rely heavily on human resources for providing security services and facility management services. During the Track Record Period, our employee benefit expenses amounted to approximately HK$252.1 million, HK$388.5 million, HK$250.0 million and HK$130.8 million, respectively, representing approximately 95.8%, 96.0%, 86.2% and 76.9% of our Total Operating Expenses, respectively. Our employee turnover rate in respect of the full-time employees, calculated by dividing the number of employees who left our Group by the average number of employees during the relevant period was 17.1%, 48.2%, 41.6% and 23.4% for FY2019, FY2020, FY2021 and 5M2022, respectively. We cannot assure you that there will be a stable supply of labour in the future. If there is a shortage of labour in the security services and facility management services industries, particularly of personnel with specialised qualifications, our business operations may be negatively affected.

The majority of our security services contracts and facility management services contracts are provided under Fixed-term Contracts. These Fixed-term Contracts may generally have terms of up to three years. Therefore, if we are unable to retain existing employees and/or recruit sufficient employees to meet the demands of our existing contracts at the current wage level, we may have to pay a premium to attract employees. Some of our tender contracts include penalty provisions for manpower shortages, under which we may be subject to penalties if we fail to provide the required number of staff as stated in the relevant tender contract. If we experience any labour shortage, we may be unable to deliver satisfactory services to our clients or otherwise meet our contractual obligations, or we may face penalties for such shortage.

If we cannot recruit sufficient employees with the requisite qualifications or experience in a timely manner, we may be unable to enter into new contracts with prospective or existing clients and/or deliver satisfactory services to them due to insufficient manpower. In such cases, our business, financial condition and results of operations may be adversely affected.

However, an overestimation of the necessary manpower for new contracts may also adversely affect our business, results of operations and financial condition. For details of a lay-off incident in March to April 2019 which led to a one off provision for lay-off payment of approximately HK$1.3 million during FY2019, please refer to the section headed "Business — Employees" in this **[REDACTED]** document. We cannot assure you that similar incidents will not happen in the future. We may not be able to estimate the manpower necessary for new contracts accurately. If there is a significant overestimation, we may have to incur substantial cost to terminate the employment with the redundant staff, which could have a material adverse effect on our business, results of operations and financial condition. Even if we terminate employment in accordance with the employment contracts and all relevant laws and regulations, such termination may still expose us to negative media coverage, where, as a result, the relationship with our clients may be adversely affected and we may fail to secure future contracts. Any such negative media coverage may have a material adverse effect on our reputation, business, financial position and results of operations.

We may face labour shortages, increases in labour costs and labour disputes which could adversely affect our growth and results of operations.

The employee turnover rate for our full-time employees was approximately 17.1%, 48.2%, 41.6% and 23.4% during the Track Record Period, respectively. In FY2020 primarily due to our termination of employment with approximately 280 employees, the majority of which was effective in April 2019, in relation to the provision of our services at the High Speed Rail Hong Kong West Kowloon Station (the "**West Kowloon Station**"), our employee turnover rate increased from approximately 17.1% for FY2019 to approximately 48.2% for FY2020. The employee turnover rate remained relatively high in FY2021 at approximately 41.6% because of the exit of a number of employees providing services at certain immigration control points for the Health Authority, which our Directors believe to be because of the outbreak of COVID-19. The employee turnover rate subsequently decreased to approximately 23.4% in 5M2022. The high employee turnover rate could have a material adverse effect on our business and results of operations as it may lead to interruptions in our provision of services to our clients and the quality of such services. In addition, competition for qualified employees could also require us to pay higher wages, which could result in higher labour costs.

In around March 2019, we terminated the employment with approximately 280 employees who had generally been employed for the provision of services at the West Kowloon Station since August 2018, which led to demonstrations of certain laid-off employees at the West Kowloon Station to protest against such terminations. We made a provision for lay-off payment of approximately HK$1.3 million during FY2019, and provided such amount to most of the laid-off employees as pension and the disputes were settled.

We cannot assure you that future labour disputes, incidents and shortage will not occur. If they do occur, they could interrupt our operations, harm our reputation and divert our management's attention and resources, which could have a material adverse effect on our business operations and financial condition. In addition, we may be liable for fines assessed by the relevant governmental authorities or incur settlement costs in order to resolve labour disputes and become subject to higher labour costs in the future when recruiting new employees due to the reputational damage caused by labour disputes or related incidents.

We had negative net operating cash flow from our operating activities for FY2019. If we are unable to meet our payment obligations, our business, financial condition and results of operations may be materially and adversely affected.

We recorded negative net cash flow from operating activities of approximately HK$37.1 million for FY2019. Our negative net cash flow from operating activities in FY2019 was primarily attributable to the increase in trade and other receivables and deposits in FY2019. Such increase was mainly a result of the provision of our services at the West Kowloon Station since 1 April 2018 which led to an increase in the amount of uncertified revenue recognised during FY2019 as it was subject to a process of certification. For details, please refer to the section headed "Financial Information — Description of certain items of consolidated statements of financial position — Uncertified revenue" in this **[REDACTED]** document.

We cannot assure you that we will not experience negative net operating cash flow in the future. Negative net operating cash flow requires us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we may default on our payment obligations and may not be able to develop our services as planned. As a result, our business, financial condition and results of operations may be materially and adversely affected.

Any failure to maintain effective quality assurance system in our Group could have a material adverse effect on our reputation, business and operations

We believe that the reputation and brand name that we have built up over the years play a significant role in enabling us to attract clients and secure contracts. The promotion and enhancement of our reputation and brand name within the industries in which we operate depend largely on our ability to provide quality and timely services to our clients. If we fail to do so or our clients no longer perceive our services to be of high quality, our brand name and reputation could be adversely affected which will in turn materially and adversely affect our business, financial condition and results of operations.

In order to maintain our quality of services, we need to continue to maintain an effective quality assurance system for the services provided to our clients. The effectiveness of our quality assurance system depends significantly on a number of factors, including (i) a timely update of our quality assurance system to suit the ever-changing business needs and environment; and (ii) our ability to ensure that our quality assurance policies and guidelines are adhered to.

Any failure or deterioration of our quality assurance system could result in decline in the quality of our services, which in turn may jeopardise our reputation, reduce demands for our services or even subject us to contractual liabilities, other claims and prosecution. Any such claims, regardless of whether they are ultimately valid, could cause us to incur significant costs, harm our reputation and/or result in significant disruption to our operations. Furthermore, if any of such claims were ultimately valid, we could be required to pay substantial monetary damages or penalties, which could have a material adverse impact on our business, financial condition and results of operations.

We may be required by our clients to arrange for contract security. If our Group fails to comply with certain requirements in the contracts, we may be required to compensate a monetary loss up to the amount of the contract security

Some of our clients may require our Group to provide contract security, typically in the form of contract deposit at certain percentage of the contract sum. If our Group fails to comply with certain requirements in the contracts, we may be required to compensate a monetary loss up to the amount of the contract security. Depending on the individual clients, an amount equivalent to 2% or 5% or 6% of the contract sum may be payable as contract security for each contract at the beginning of our engagement. As at 31 March 2019, 2020 and 2021 and 31 August 2021, our Group placed contract deposit amounting to approximately HK$11.4 million (including approximately HK$7.2 million paid by the non-controlling shareholder of IWS Carpark (JV) on our behalf), HK$13.8 million, HK$10.1 million and HK$10.1 million, respectively as our contract security.

As we aim to secure more contracts from the public sector and/or large contracts, we expect there will be an increase in request for contract security. Should we fail in our liquidity management, these requirements on contract security may put a strain on our cash resources and liquidity. In the event that we fail to observe our obligations as stipulated in our contracts, the contract securities we placed may be forfeited. Accordingly, this may adversely affect our cash flows and financial position.

We are exposed to risks in relation to work safety and occurrences of accidents

There are inherent risks of work injuries or accidents which may occur in the course of our business operations due to the nature of the services being performed, particularly in the provision of security services as our employees may be required to work in dangerous environments. A majority of the security services and facility management services that we provide are through our own employees and they may be required to undertake certain tasks including, but not limited to the following: (i) working at height or on slippery surfaces or in the dark; (ii) operating electrical appliances when undertaking minor maintenance works; (iii) lifting heavy objects; (iv) working in new and unfamiliar environments; (v) defending and protecting individuals against aggressors; (vi) handling disputes amongst residents or tenants in the properties and car parks we manage and/or operate; (vii) maintaining order in crowded events; and (viii) working in environments with potential exposures to COVID-19.

Our involvement in major accidents or incidents in the course of providing security services and facility management services, particularly if reported by the media, may adversely affect our reputation and our client's perception of the quality of our services. We cannot assure you that any incidents or accidents, which could result in property damage, personal injury or even death to third parties, including residents and aggressors, property owners, or our employees, will not occur again in the future. Accidents resulting in personal injury or loss or damage to property may also arise if our employees fail to follow work safety measures and procedures. Accidents may occur in the ordinary course of our business, we cannot assure you that our employees will fully comply with the safety measures and plans we implement during their execution of the above tasks or any other tasks. In such events, we may be held liable for the losses or be subject to prosecution. We may also be exposed to claims of negligent or reckless behaviour on the part of our employees. We may also experience interruptions to our business operations and may be required by the government authorities to change the manner in which we operate following any incidents or accidents. Any of the foregoing could materially and adversely affect our reputation, business, financial position and results of operations.

Litigation or legal proceedings and negative media coverage could expose us to liability, divert our attention and negatively impact our reputation

In carrying out our ordinary course of business, we may be subject to the risk of being named as a party in regulatory or legal actions, claims and disputes in connection with our business activities, such as labour disputes, personal injury claims or contractual disputes. The occurrence of accidents leading to personal injuries, property damages and/or fatality may materially and adversely affect our business operations as well as our financial position. Such accidents may expose us to litigious claims or legal proceedings. During the Track Record Period and up to the Latest Practicable Date, there were 16 litigation claims against our Group as defendants which involve labour disputes, employee's compensation and personal injury claims. Please refer to the section headed "Business — Occupational health and safety — Litigation, claims and legal compliance" in this **[REDACTED]** document for further details.

In particular, given the nature of our services, we may also from time to time be involved in disputes with and claims raised against our business associates such as subcontractors or business partners of our clients, clients and suppliers, or other third parties. We may not be at fault or in any way be related to a particular incident or the claimant, but our employees or our Group may be misunderstood as being the employees or employer of the tortfeasor.

If we are involved in any litigation or legal proceedings, the outcome of such proceedings are uncertain and could result in settlements or results which could adversely affect our financial conditions. In addition, any litigation or legal proceedings could involve substantial legal expenses as well as significant time and attention of our management, diverting their attention from our operations, and result in negative publicity against us. Furthermore, our clients place a significant amount of trust on us due to the nature of the services we provide, particularly in relation to security services. Therefore, our relationships with our clients may be adversely affected if we are involved in any legal proceedings or identified in any negative media coverage, and as a result, we may also fail to secure future contracts to provide our services to our clients. Any such dispute, claim or proceeding or negative media coverage may have a material adverse effect on our business, financial conditions and results of operations.

Damage or failure to protect our brand name and trademarks may affect the attractiveness of our services

Our Group's business is sensitive to our client's perception of the reliability and quality of our services. Our Directors believe that our success depends on the value of our brand and reputation for offering quality security services and facility management services to our existing and prospective clients, our "IWS" brand has the market reputation of quality services and maintaining and promoting the brand recognition and good reputation is critical to the future success of our Group. The reputation of our brand is dependent on our Group's ability to provide reliable and quality security services and facility management services which appeal to our client's needs, patterns, and preferences. Inability to do so will adversely impact the reputation of our brand and potentially our business operations.

Apart from the reliability and quality of our services, the registration of trademarks is also vital to protect our brand name. As at 31 August 2021, we registered two trademarks in Hong Kong which we consider are material to our business. However, we cannot guarantee you that the registration of our trademarks can completely protect us against any infringement or passing off. In any case, we are susceptible to infringement of our logos and brands by third parties, whether or not such logos are or will continue to be registered trademarks of our Group. If there is any misuse by third parties of our brand, or if we are unable to detect, deter and prevent misbehaviour and misconduct by our employees, or if we fail to effectively protect our brand and trademarks, our reputation and brand name could still be damaged and our business and financial performance may be materially and adversely affected.

We have a close association with the Ma Family. Negativity on the Ma Family resulting from certain litigations associated with its members may adversely affect our Group's reputation

The Ma Family includes Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma, who are our Controlling Shareholders and/or executive Directors. They have been closely associated with our Group. Due to such close association with our Group, any liability, claim, litigation, negative publicity or disputes associated with any of them or any of their respective associate or business may create a material adverse effect on our Group's reputation, business, growth prospects, results of operations and/or financial condition. As at the Latest Practicable Date, some members of the Ma Family were associated with certain litigations and disputes. For details, please refer to the section headed "Directors and Senior Management" in this **[REDACTED]** document. The outcome of certain litigations are uncertain and may result in negativity on the Ma Family. As Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma are our executive Directors, such negativity may adversely affect out Group's reputation which may in turn affect our business operations and financial performance.

We rely on key management personnel and our business operations may be adversely affected if we are unable to retain them and identify suitable replacement

Our success is, to a significant extent, attributable to the continued commitment, service and contributions of our executive Directors, Mr. Ma Ah Muk, Mr. KS Ma, Mr. KM Ma, Mr. Vince Ma and Mr. Leo Ma, and senior management including Mr. Choi Ming Fai, Andy, Mr. Kwong Tat Man, Ms. Lee Lai Sheung and Mr. Wong Chi Kong. Our continued success is therefore dependent to a large extent on our ability to retain and motivate our Directors and senior management. Our executive Directors and senior management have extensive knowledge and are very experienced in the security services and facility management services industries and they have all significantly contributed to the development of our business. For their biographies, please refer to the section headed "Directors and Senior Management" in this **[REDACTED]** document. Their established relationships with our clients and their ability to develop new clientele have played an important role in our Group's attainments. However, we cannot assure you that we will be able to retain the services of our Directors and senior management or that we can continue to develop the experience and skills of our key personnel. Any unanticipated departures of members of the management team without any appropriate and timely replacement may result in loss of strategic leadership and disruption or delay to our business operations and expansion, which may have a material adverse effect on our business operations and profitability.

Our business may be adversely affected by the conduct and actions of and our relationship with our employees, sales agents, suppliers, subcontractors and third parties

Our services are provided through our employees and third parties including our sales agents, suppliers and subcontractors. As our front-line employees who have the most frequent and direct contact with our clients and end users, their actions and conduct would have a direct impact on our Group.

We are exposed to risk of fraud or other related misconduct by employees, sales agents, suppliers and subcontractors who act on behalf of our Group for conducting sales and marketing activities, and operating activities. We cannot assure you that such instances will not occur in the future. Any misconduct or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business, results of operations and financial condition.

In particular, we engaged sales agents for conducting certain sales and marketing activities including the sourcing of new clients. The sales agents are responsible for referral services which include facilitating our Group in the promotion, arrangement and negotiation of security services contracts with our clients. During the Track Record Period, revenue generated through the sales agents amounted to approximately HK$9.6 million, HK$9.5 million, HK$5.3 million and HK$2.5 million, respectively, which accounted for approximately 3.3%, 2.0%, 1.4% and 1.2% of our total revenue, respectively. There can be no assurance that our Group will be able to attract, assimilate or retain such sales agents. Accordingly, there is no assurance that our Group will succeed in maintaining continuous services from our sales agents. If we cannot maintain the relationship with our sales agents, suppliers and subcontractors, and we cannot secure other sales agent(s), supplier(s), subcontractors or employee(s) to replace them, our business operations and financial position may be adversely affected.

Our provision of services on a fixed fee basis could subject us to losses if we subsequently incur excess expenses in delivering our services to clients

During the Track Record Period, we charged some of our clients a pre-agreed fixed fee, with no fee adjustment mechanism, regardless of the amount of resources we utilised or additional expenses we incurred in providing our services to our clients. If the actual costs deviate significantly due to our miscalculation or other unexpected circumstances, or in the event the fees we collect are insufficient to cover all the expenses incurred, we may suffer losses which could result in a material adverse effect on our profitability, financial position and results of operations.

We rely entirely on the Hong Kong market. Any material adverse change to the economic, social and political conditions in Hong Kong may adversely affect our business, results of operations, financial performance and profitability

All of our security services and facility management services were provided only in Hong Kong during the Track Record Period and we have no plan to provide such services in other territories in the near future. Therefore, we are exposed to the risks involved in conducting business in Hong Kong. Any material adverse change to the economic, social and political conditions in Hong Kong may adversely affect our business, results of operations, financial performance and profitability. Please refer to the paragraph headed "Risks relating to conducting business in Hong Kong" in this section for further details.

Security breach, theft, burglary, any loss of property occurring at and/or any damage to the properties or bodily harm or any accidents resulting in personal injury to the personnel secured, guarded, managed and/or served by us could adversely affect our business, results of operations, financial position and reputation

Security breach, theft, burglary, loss or damage of properties, bodily harm and accidents resulting in personal injury ("**Incidents**") may occur during the course of operating our business. The properties or personnel that we secure, guard, manage and/or serve may be subject to such incidents and the common areas of our managed properties such as the lobby, hall way, outdoor open space, stairway, car park, elevator shaft and equipment may be damaged in a variety of ways that are beyond our control, including but not limited to natural disasters, intentional or unintentional human actions. We may be liable for loss suffered by our clients as a result of such Incidents if the loss is caused by our negligence or breach of contract. Please refer to the section headed "Business — Occupational health and safety — Procedure for recording and handling employee injuries or accidents at work" in this **[REDACTED]** document for details of certain security incidents which took place during the Track Record Period and the section headed "Business — Occupational health and safety — Litigation, claims and legal compliance" in this **[REDACTED]** document for details of our litigation and claims. If we are liable to pay damages to our clients for such loss, our business, results of operations, financial position and reputation may be adversely affected.

Separately, irrespective of whether an Incident is within our control or whether we are at fault, we may face claims, regardless of their merits, for loss, damage of properties or personal injuries caused by such Incident. Defending such claims, regardless of whether such claims have merits, can be time consuming and costly, and may divert our management's attention and resources. We may also need to divert management attention and resources to assist government authorities in their investigations in connection with any Incident that took place in the properties we secure or damage to the common areas of our managed properties. If we are involved in such claims, even if we are proven not liable for in the end, our reputation, business, results of operations and financial condition may be adversely affected.

Our corporate structure consists of multiple service segments and exposes us to risks relating to multiple industries. Failure to implement a management system that is effective for all our segments may have adverse effect on our business, results of operations and financial condition

During the Track Record Period, our Group consists of multiple service segments, namely (i) security services which include general manned guarding services, manpower support services and event and crisis security services which accounted for approximately 90.6%, 93.9%, 92.1% and 94.2% of our total revenue during the Track Record Period, respectively; and (ii) facility management services which include property management services, car parking rental and management services, cleaning services and hotel management services*(Note)* which accounted for approximately 9.4%, 6.1%, 7.9% and 5.8% of our total revenue during the Track Record Period, respectively. Due to the relatively diverse characteristics of our Company, we face challenges not found in companies with a single business line. In particular:

- we are exposed to business, market and regulatory risks relating to different industries. We need to devote substantial resources to monitor changes in different operating environments so that we can react with appropriate strategies that fit the needs of our affected operating subsidiaries; and

- due to various types of services involved, successful operation of our Group requires an effective management system that emphasises accountability, imposes financial discipline on our operating subsidiaries, and creates value-focused incentives for management. As we continue to grow, our operations may become more complex, which may increase the difficulty of implementing our management system.

Note: Our provision of hotel management services has been terminated since 1 April 2019 which was a mutual agreement between the hotel owner and us.

If we fail to manage our exposure in business, market and regulatory risks in the multiple industries we operate in, or if we fail to implement a management system that is effective for all our segments, our business, financial condition and results of operations may be adversely affected.

We may not have adequate insurance coverage and we are affected by increasing insurance costs and reduction of insurance coverage by our insurers

We have maintained insurance coverage for various risks in relation to our operations, employees and protection against accidents and injuries. During the Track Record Period, our total insurance cost (which included the public liability insurance policy and third party motor-vehicle insurance policy) amounted to approximately HK$0.04 million, HK$0.1 million, HK$0.1 million and HK$0.1 million, respectively. For details of our insurance policies, please refer to the section headed "Business — Insurance" in this **[REDACTED]** document. However, we do not carry any insurance policies against certain risks, such as acts of terrorism, riot or public disorder. We may also be subject to liabilities against which we are not insured adequately and we would be required to make up for the shortfall of the awarded amount. Furthermore, adequate insurance coverage may not be available on reasonable terms in the future or may only be available at significantly higher premiums for risks currently covered. Should any major claims be made against our Group which are not covered by adequate insurance or at all, our business and financial performance may be materially and adversely affected. Any reduction or limitation of insurance coverage by insurers upon the expiry of our existing policies is beyond our control. Any further increase in insurance costs (such as increases in insurance premiums) or reduction in coverage may materially and adversely affect our Group's business operations and financial results.

Our future business plans may not materialise within the planned time frame and our expansion plan could contribute to the fluctuations of our future financial results

Our future business growth primarily depends on the successful implementation of our strategies and future business plans as set out in the section headed "Business — Business strategies" in this **[REDACTED]** document. Our future business plans are based on existing intention of our Directors and some of them are at conceptual or preliminary stages. These business plans and intentions are based on assumptions as to the occurrence of certain future events, which may or may not materialise, and the real situation might differ materially. Furthermore, our future business plans may be hindered by other factors beyond our control, such as competition from other security services companies and facility management service companies. Therefore, we cannot assure you that our future business plans will materialise, or result in the conclusion or execution of any agreement within the planned time frame, or that our objectives will be fully or partially accomplished. As at 31 August 2021, the unused **[REDACTED]** from the GEM Listing amounted to approximately HK$**[REDACTED]** million. In light of the following: (i) the outbreak of COVID-19 and our failure to secure new facility management services tenders submitted during the Track Record Period which affected our plan to acquire machines and equipment to enhance our capability in providing facility management services; and (ii) the outbreak of COVID-19 which hindered our installation of the mobile application modules to improve operational efficiency and scalability, after due and careful consideration, our Directors have decided to delay, for 12 months, the planned use of the unused **[REDACTED]** from the GEM

Listing in relation to the following: (i) the acquisition of machines and equipment; (ii) the upgrade of information technology infrastructure; and (iii) establishment of a control room, whereby such unused **[REDACTED]** will be fully utilised by 31 March 2023. For details of the business plans that have been implemented since our GEM Listing up to 31 August 2021 and the Latest Practicable Date, please see the section headed "Business — Implementation of business strategies and use of **[REDACTED]**" in this **[REDACTED]** document.

Furthermore, we may incur substantial capital expenditure for our expansion plans, typically consisting of associated capital contribution or commitment as well as investments for, among other things, renovation of the property, expenses of our workforce, acquisition of requisite machines and equipment and investments in automated technology and other information infrastructure. As a result, relevant costs and expenses, such as depreciation expenses and employee benefit expenses, would increase and may potentially impact our financial results more significantly, in particular, subsequent to 31 August 2021 as we have delayed the abovementioned planned use of the unused **[REDACTED]** from the GEM Listing. For FY2022 and FY2023, it is currently expected that there will be an increase of approximately HK$**[REDACTED]** million and HK$**[REDACTED]** million in depreciation expenses, respectively. In addition, it is currently expected that there will be an increase of approximately HK$**[REDACTED]** million in operating expenses, including approximately HK$**[REDACTED]** million for recruitment of security personnel and approximately HK$**[REDACTED]** million for expansion of our operation team and sales and marketing team. The amount of the required initial capital investments may be significantly affected by general market conditions and we may not be able to secure sufficient financing for our expansion. Therefore, we expect that our expansion plans and schedule will affect our financial condition and results of operations, and may lead to period-to-period fluctuations in the future.

Potential leakage of personal data may result in potential claims or disputes

During our course of business, we might be in the possession of certain personal data. In particular, our Group has been involved in the provision of COVID-19 Detection Support Services since the outbreak of COVID-19 where, our Directors believe we were in possession of certain personal data of the inbound passengers in order to carry out home visit support services as required by the relevant HK Government Entities. Although we have implemented proper procedures in handling personal data, we may not be able to assure you that all of our employees who having processed the personal data would handle the personal data in strict accordance with the procedures. Therefore, we may be subject to potential claims or disputes in case of personal data leakage. In such events, our business and results of operations may be adversely affected.

RISKS RELATING TO OUR INDUSTRY

Changes in the rules and regulations, industry standards and advanced technology innovation relating to the security services and facility management services may affect our operations

Our success will depend, in part, on our ability to keep up with the pace of changing regulatory regime, industry standards and technology innovation. The Property Management Services Ordinance ("**PMSO**"), which aims to regulate property management services, had substantially come into operation on 1 August 2020. To ensure a proper and smooth adaptation to the statutory change, there is a transitional period of three years commencing from the date of implementation of the licensing regime (i.e. from 1 August 2020 to 31 July 2023) during which property management companies or property management practitioners are not required to be licensed. Since we provide property management services, our Company and our employees responsible for the provision of property management services are required to obtain the abovementioned licences before 31 July 2023. During the Track Record Period, we have obtained the property management company licence. For details, please refer to the sections headed "Regulatory Overview — Property Management Services — Licensing regime for property management services under Property Management Services Ordinance (Chapter 626 of the Laws of Hong Kong)" and "Business — Our operation" in this **[REDACTED]** document.

We cannot provide any assurance that we and our employees would be able to keep up with the pace of changing regulatory regime, industry standards and technological innovation. If there is any delay, we may need to suspend or terminate our existing services. Even if we and our employees successfully obtain the necessary licenses, there is no guarantee that the licences will not be revoked or suspended by the relevant authorities if there are grounds giving rise to such revocation or suspension. In the event that any licence is revoked or suspended, our business operation may have to be suspended or terminated. Moreover, there is no assurance that the Hong Kong Government will not impose additional or stricter laws or regulations on the security services industry and facility services industry in the future. Furthermore, according to the Frost & Sullivan Report, advanced security solutions are reshaping the infrastructure of the building facilities. Increasing number of facility management and security services companies are placing emphasis on the surveillance technology and video analytics, creating strong demand for video surveillance systems. If we do not respond adequately to evolving industry standards and technology innovation, our clients are likely to seek more qualified service providers who are able to respond more effectively to changes in the industry standards and technology innovation and better meet their demand. In such events, our business and results of operations may be materially and adversely affected.

Potential cancellation of the MPF offsetting arrangement may result in an increase in our direct labour costs

Under the current MPF legislation, an employer is entitled to apply for an offset of employee severance payments and long service payments, deductible from the accrued benefits derived from the employer's MPF contributions (the "**MPF Offsetting Arrangement**"). Please refer to the section headed "Regulatory Overview — Labour, health and safety — Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) ("**MPFSO**")" in this **[REDACTED]** document for more information. Pursuant to the 2017 Policy Address issued by the Hong Kong Government, the Hong Kong Government proposes to progressively abolish the MPF Offsetting Arrangement with the follow three key elements: (i) the said abolition will have no retrospective effect; (ii) the amount of severance payments or long service payments payable for an employment period from the abolition date will be adjusted downwards from the existing entitlement of two-thirds of one month's wages to half a month's wages as compensation for each year of service; and (iii) the Hong Kong Government will share part of the expenses on severance payments or long service payments in the ten years after the abolition date to help employers, especially the small and medium enterprises. If the MPF Offsetting Arrangement is abolished or revised in the future, given the labour intensive nature of our business operation, we would incur additional costs, which are estimated to amount to approximately HK$3.1 million with reference to the amount of MPF contribution of relevant employees made up to 31 August 2021 and valuation of such accrued benefits as at 31 August 2021. In such an event, our direct labour costs may increase, which may materially and adversely affect our results of operations, financial condition and profitability.

We operate in a competitive industry and a highly competitive market may put downward pricing pressures on us

We face significant competition in the security services industry and facility management services industry in Hong Kong. According to the Frost & Sullivan Report, there were approximately 600 security services providers, 900 facility management companies (including property management and car parking rental and management services providers) and 1,000 cleaning companies in Hong Kong in 2020. Individuals providing security services and companies offering security services are regulated under a permit and licence system. In addition, the Property Management Services Authority has officially started implementing the licensing regime on 1 August 2020 for the regulation of facility management services where there will be a three-year transitional period (i.e. starting from 1 August 2020) to allow the industry sufficient time to adapt to the launch of the licensing regime. As at the Latest Practicable Date, this licensing regime has not fully come into force. However, if such regime is effective, without required licences, our competitiveness may be reduced. We also face competition from large facility management services companies that are subsidiaries of property developers in securing property management contracts for private housing estates. Large sized property developers usually appoint one of their subsidiaries or associated companies to manage the properties they develop because the property developers may enjoy the advantage of owning large shares of the property development and maintain substantial control over such properties.

Due to the large number of competitors, we face significant downward pricing pressure thereby reducing our profit margins. Furthermore, if we do not provide a competitive quote relative to our competitors, our services may not be attractive to prospective clients and our profitability may be materially and adversely affected. Our success depends on our ability to compete effectively against these competitors in terms of the quality of services and on-site staff, price, track record, marketing, brand recognition and reputation. We cannot assure you that we will continue to compete successfully in the future, and if we fail to do so, our business and financial results would be adversely affected.

In addition, as the Competition Ordinance (Chapter 619 of the Laws of Hong Kong) ("**Competition Ordinance**") has only become fully operational since December 2015, there may be uncertainties on the full effect of the rules in respect of compliance, infringement and its effect on our business, in particular when tendering is one of our major means of securing contracts. We may face difficulties and may need to incur legal costs in ensuring our compliance with the rules. We may also inadvertently infringe the Competition Ordinance and under such circumstance, we may be subject to fines and/or other penalties, incur substantial legal costs and may result in business disruption and/or negative media coverage, which could adversely affect our business, results of operations and reputation. Please refer to the section headed "Regulatory Overview — Competition Ordinance (Chapter 619 of the Laws of Hong Kong)" in this **[REDACTED]** document for further details.

With the implementation of the Minimum Wage Ordinance, we may fail to retain labour in a cost effective way, or fail to transfer the rising labour costs to our clients, which may adversely affect our profitability

We rely heavily on human resources for the provision of our security services and facility management services, and therefore a substantial proportion of our operating expenses are labour costs. Hong Kong introduced the minimum wage legislation under the Minimum Wage Ordinance which dictated a statutory minimum wage of HK$37.5 per hour on 1 May 2019 which remains and continues to apply until 30 April 2023. During the Track Record Period, we experienced growth in our labour, reaching 2,676 employees as at 31 August 2021. During the Track Record Period, our employee benefit expenses amounted to approximately HK$252.1 million, HK$388.5 million, HK$250.0 million and HK$130.8 million, respectively, representing approximately 95.8%, 96.0%, 86.2% and 76.9% of our Total Operating Expenses, respectively. Based on our Directors' estimation, the average hourly wage of our operational staff in the Track Record Period was approximately HK$43.0, HK$74.3, HK$55.0 and HK$50.3, respectively, which was higher than the statutory minimum wage by a difference of approximately HK$8.5, HK$36.8, HK$17.5 and HK$12.8 for the same periods, respectively.

We expect labour costs to continue to represent a significant percentage of our total revenue. We cannot assure you that the statutory minimum wage will not be further increased in the future. Pursuant to the Minimum Wage Ordinance, the Minimum Wage Commission must report its recommendation on the amount of the statutory minimum wage at least once in every two years. Although the statutory minimum wage will remain at the current rate until 2023, the statutory minimum wage may be adjusted in the future having regard to such recommendation. We anticipate that if the statutory minimum wage is further increased or if new labour laws are implemented in Hong Kong in the future, and we are unable to transfer future rising labour costs to our clients, our operating results and hence our profitability will be adversely affected. During the Track Record Period, certain of our major contracts representing approximately 54.0%, 70.0%, 39.4% and 40.7% of our total revenue, respectively, allow our Group to adjust our service fee as a result of a change in statutory minimum wage. Please see the section headed "Financial

Information — Key factors affecting our results of operations and financial condition — Employee benefit expenses" in this **[REDACTED]** document for details of the sensitivity analysis to the change in our profit if our labour costs change.

In addition, a majority of our front-line staff are security service personnel with the Security Personnel Permit. As a result of the Minimum Wage Ordinance, it may be more difficult for us to retain employees, such as security service personnel, due to availability of other jobs with less qualification requirements. In such case, we may be forced to offer more competitive salaries to our employees, or else the quality of our services could be affected if no suitable and capable replacement is found in time.

Potential standard working hours legislation may adversely affect our staff costs and profitability

As at the Latest Practicable Date, Hong Kong had not adopted legislation regarding maximum working hours. The Hong Kong Government set up the Standard Working Hours Committee (the "**SWHC**") in April 2013. The SWHC is responsible for conducting in-depth discussions and advising the Hong Kong Government on the subject of standard working hours.

On 27 January 2017, the SWHC released a report (the "**Report**") to recommend, amongst others, that a legislative approach be adopted to mandate employers to enter into written contracts with lower-income employees which specify working hours terms, and that such employees shall receive overtime compensation at a rate no less than the rate of the agreed wages or equivalent time-off in lieu. On 13 June 2017, the Chief Executive endorsed the recommendations made in the Report. The Labour Department of the Hong Kong Government subsequently issued a Legislative Council Paper on 20 June 2017 to accept the Report and set out the working hours policy framework and proposed measures, including a recommendation that lower-income employees be defined as receiving a monthly wage of HK$11,000 and below, and a plan to formulate 11 sector-specific working hours guidelines in two to three years' time which includes property management.

We cannot assure you as to whether a statutory working hours bill will be passed into legislation and whether such policy will be further revised in the future. If a statutory standard working hours legislation is implemented, our staff costs may increase due to additional compensation paid to our employees for overtime work, and as a result, our profitability may be adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN HONG KONG

The state of the economy and social and political environment in Hong Kong may impact our performance and financial condition

All of our operations are based in and revenue is derived from Hong Kong. Currently we have no plans to expand into foreign markets. Any major changes to Hong Kong's economic, social and political landscape will have a huge impact on our business. If there is a downturn in the economy of Hong Kong, our results of operations and financial position may be adversely affected. In addition to economic factors, social unrest or civil movements such as occupation activities and protests may also affect the state of economy in Hong Kong and in such case, our Group's operations and financial position may also be adversely affected.

RISKS RELATING TO INVESTMENT IN OUR SHARES

The [REDACTED] and [REDACTED] of our Shares may be volatile

The **[REDACTED]** and **[REDACTED]** of our Shares may be highly volatile. Factors such as global and local economic conditions, variations in our operating results, earnings and cash flows and announcements of new investments and strategic alliances and/or acquisitions, could cause the **[REDACTED]** of our Shares to change substantially. Any of such factors may result in large and sudden changes in the **[REDACTED]** and **[REDACTED]** at which our Shares is **[REDACTED]**. We cannot assure you that these factors will not occur in the future. In addition, it is possible that our Shares will be subject to changes in price that may not be directly related to our financial or business performance. As a result, current and prospective **[REDACTED]** may experience volatility in the **[REDACTED]** of our Shares and a decrease in the value of our Shares regardless of our operating performance or prospects.

[REDACTED] of our Shares may experience dilution if we issue additional Shares in the future to raise funding

If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to our existing Shareholders, the percentage of ownership of our existing Shareholders in our Company may be reduced or such new securities may confer rights and privileges that have priority over those conferred by the Shares. Also, if we fail to utilise the additional funds to generate the expected earnings, this could adversely affect our financial results and in turn exerts pressure to the market price of our Shares. Even if additional funds are raised by means of debt financing, any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund raising exercises and other financial and operational matters.

There may be dilution because of the issuance of Shares pursuant to the options which may be granted under the Share Option Scheme

We might grant share options to eligible participants under the Share Option Scheme, who may be our employees, senior management and Directors. The exercise of share options under the Share Option Scheme will result in an increase in the number of Shares, and may result in a dilution to the percentage of ownership of our Shareholders, the earning per Share and net asset value per Share depending on the exercise price. Further details of the Share Option Scheme are summarised in the section headed "D. Share Option Scheme" in Appendix IV to this **[REDACTED]** document.

The interests of our Controlling Shareholders may not always coincide with the interests of our Group and those of our other Shareholders

Immediately upon the **[REDACTED]** Controlling Shareholders will continue to own, in aggregate, **[REDACTED]** of our Shares. They will therefore continue to have significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporate actions according to their own desires. The interests of our Controlling Shareholders may not always coincide with the best interests of other Shareholders. If the interests of any of our Controlling Shareholders conflict with the interests of other Shareholders, or if any of our Controlling Shareholders choose to cause our Group's business to pursue strategic objectives that conflict with the interests of other Shareholders, the interests of our Group or of those other Shareholders may be adversely affected as a result.

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

Our corporate affairs are governed by, among other things, the Memorandum and Articles of Association, the Companies Act and the common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands and the Memorandum and 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. Such differences mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For detailed information, please refer to the summary of Cayman Islands company law set out in Appendix III to this **[REDACTED]** document.

We are a holding company and our ability to pay dividends is dependent upon the earnings of, and distributions by, our subsidiaries

We are a holding company incorporated under the laws of the Cayman Islands. All of our business operations are conducted through our subsidiaries, and we are dependent upon our subsidiaries for all of our cash flow. Our ability to pay dividends is dependent upon the earnings of our subsidiaries and their distributions of funds to us, primarily in the form of dividends. The ability of our subsidiaries to make distribution to us depends upon, amongst other things, their distributable earnings and their ability to service their debt obligations. Other factors such as cash flow conditions, restrictions on distribution contained in our subsidiaries' articles of incorporation, restrictions contained in their debt instruments, withholding tax and other arrangements will also affect our subsidiaries' ability to make distribution to us.

We cannot guarantee that our dividend policy will remain at the similar level declared and paid by us during the Track Record Period

For the Track Record Period, our Group declared dividends of approximately HK$8.0 million, HK$16.0 million, HK$26.0 million and nil, respectively. However, our Group's historical dividend distribution should not be used as a reference or basis to determine the level of dividends that may be declared and paid by our Group in the future. The decision to pay dividends will be considered in light of the factors such as the results of operations, financial conditions 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 operations. There can be no assurance that we will be able to declare or distribute any dividend. Our future declaration of dividends will be at the absolute discretion of our Board.

Sale of the Shares or major divestment of the Shares by our Controlling Shareholders or substantial Shareholders of our Company could adversely affect the market price of our Shares

The sale of a significant number of Shares by our Controlling Shareholders or substantial Shareholders in the public market after **[REDACTED]** the perception that such sale may occur, could adversely affect the market price of the Shares. Any major disposal of Shares by any of our Controlling Shareholders or substantial shareholders of our Company may cause the **[REDACTED]** of the Shares to fall. In addition, these disposals may make it more difficult for our Group to issue new Shares in the future at a time and price that our Directors deem appropriate, thereby limiting our ability to raise capital.

Forward-looking statements contained in this [REDACTED] document are subject to risks and uncertainties

This **[REDACTED]** document contains certain statements that are "forward-looking" and indicated by the used of forward-looking terminology such as "believe", "intend", "anticipate", "estimate", "plan", "potential", "will", "would", "may", "should", "expect", "seek" or similar terms. **[REDACTED]** are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties in this regard consist of those identified in the risk factors discussed above. In light of these and other risks and uncertainties, the enclosure of forward-looking statements in this **[REDACTED]** document should not be regarded as representations by our Company that the plans and objectives will be achieved, and **[REDACTED]** should not place undue reliance on such statements.

[REDACTED] should not rely on any information contained in press articles or other media regarding our Group or the [REDACTED]

There may be press and media coverage regarding our Group or the **[REDACTED]**, which may include certain financial information, financial projections, valuations and other information about our Group that do not appear in this **[REDACTED]** document. We have not authorised the disclosure of any such information in the press or media and do not accept responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

To the extent that such statements are inconsistent with, or conflict with, the information contained in this **[REDACTED]** document, we disclaim responsibility for them. Accordingly, **[REDACTED]** should not rely on any such information and should rely only on information included in this **[REDACTED]** document in making any decision as to whether to **[REDACTED]** in our Shares.

We cannot guarantee the accuracy of certain facts and statistics contained in this [REDACTED] document

Certain facts and statistics in this **[REDACTED]** document have been derived from various official government and other publications generally believed to be reliable. We believe that the sources of such 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 in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. None of our Company, the Sole Sponsor or any of our or their respective directors, officers or representatives or any other person involved in the **[REDACTED]** (which for the purpose of this paragraph, excludes Frost & Sullivan) has independently verified such information and statistics and none of them gives any representation as to accuracy of such information and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this **[REDACTED]** document may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon such facts and statistics contained in this **[REDACTED]** document.