

## RISK FACTORS

*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 [REDACTED] of the Shares could decline due to any of these risks, and you may lose all or part of your investments.*

*This document contains certain forward-looking statements relating to our Group's plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results may differ materially from those as discussed in this document. Factors that could contribute to such differences are set out below as well as in other parts in this document.*

### RISKS RELATING TO OUR BUSINESS

**Most of our revenue during the Track Record Period was derived from projects awarded by a limited number of customers and any significant decrease in the number of projects with our major customers may materially and adversely affect our financial performance**

A significant portion of our revenue was derived from a limited number of customers during the Track Record Period. Our top five customers for FY2018/19, FY2019/20, FY2020/21 and FY2021/22 accounted for approximately 90.5%, 91.6%, 79.8% and 89.5% of our revenue in the corresponding periods, respectively. In particular, Customer Group A contributed approximately 35.4%, 56.3%, 37.9% and 42.9% of our revenue for FY2018/19, FY2019/20, FY2020/21 and FY2021/22, respectively. We were engaged by our customers on a project-by-project basis during the Track Record Period. There is no assurance that we will continue to obtain contracts from our major customers in the future. If there is a significant decrease in the number of projects awarded by our major customers, and we are unable to secure suitable projects of a comparable size and quantity as replacements from other customers, our financial condition and operating results would be materially and adversely affected.

**Our revenue is mainly derived from projects which are non-recurrent 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-recurrent 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 invitation for tender by customers. There is no assurance that we will be able to secure new contracts in the future. 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 FY2018/19, FY2019/20, FY2020/21 and FY2021/22, we recorded a tender success rate of approximately 14.0%, 21.6%, 12.6% and 18.0%, respectively. Our Directors consider that our success rate on project tendering depends on a range of factors, which primarily include our

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pricing and tender strategy, competitors' tender and pricing strategy, the availability of our resources and subcontractors, level of competition and our customers' evaluation standards. Furthermore, so far as our Directors are aware, some of our customers have maintained an evaluation system to ensure that the service providers meet certain standards of management, industrial expertise, financial capability, reputation and regulatory compliance which may change from time to time. There is no assurance that our Group could achieve the same or higher tender success rate in the future as we did during the Track Record Period. In the event that our Group fails to secure new contracts or there is a significant decrease in the number of tender invitations or contracts available for bidding in the future, the business, financial position and prospects of our Group could be materially and adversely affected.

### **Unsatisfactory performance by our subcontractors or unavailability of subcontractors may adversely affect our operation and profitability**

We have focused on the role of project management in carrying out our projects, and we have engaged subcontractors to perform substantial part of the site works under our supervision. For further details, please refer to the paragraph headed "Business – Our suppliers – Reasons for subcontracting arrangement" in this document. In order to control and ensure the quality and progress of the works of our subcontractors, our Group selects subcontractors based on their quality of services, qualifications, skills and technique, prevailing market price, delivery time, availability of resources in accommodating our requests and reputation. For FY2018/19, FY2019/20, FY2020/21 and FY2021/22, our subcontracting fees amounted to approximately HK\$372.3 million, HK\$412.3 million, HK\$333.6 million and HK\$332.9 million, respectively, representing approximately 94.8%, 92.8%, 91.5% and 89.2% of our total purchase, respectively. There is no assurance that the work quality of our subcontractors can always meet our requirements. We may be affected by the non-performance, inappropriate or poor quality of works rendered by our subcontractors. Such events could impact upon our profitability, financial performance and reputation. In addition, there is no assurance that our Group will always be able to secure services from suitable subcontractors when required, or be able to negotiate acceptable fees and terms of service with subcontractors. In such event, our operation and financial position may be adversely affected.

In the event that our subcontractors fail to follow the safety guidelines and other requirements imposed by our customers, we may be liable to pay to our customers the expenses and penalties incurred by them. Although we are entitled to be compensated by our subcontractors in relation to such penalties under the subcontracting agreement, we may not be able to claim from such subcontractors in order to maintain a stable relationship with our major subcontractors. In such event, we may be subject to additional costs and penalties incurred by our subcontractors in relation to their failure to comply with the safety procedures and other requirements imposed by our customers.

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### **Any material inaccurate cost estimation or cost overruns may adversely affect our financial results**

When determining our tender price, our management would estimate the time and costs involved in a project taking into account (i) the scope of works; (ii) the price trend for the types of subcontracting services as well as materials and toolings required; (iii) the complexity and the location of the project; (iv) the estimated number and types of machinery required; (v) the completion time requested by customers; and (vi) the availability of our labour and financial resources. For further details on our pricing strategy, please refer to the paragraph headed “Business – Pricing strategy” in this document.

There is no assurance that the actual amount of time and costs incurred during the performance of our projects would 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 materials agreed to be borne by us, unexpected increase in the amount of rectification works requested by our customers 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 Group’s financial condition, profitability and liquidity.

During the Track Record Period, we recorded one loss-making project which involved wet trades works undertaken by us for a residential development in Tai Po, Hong Kong (i.e. Project #01). During the project implementation of Project #01, we performed additional rectification works, which were unexpected during the tender stage of Project #01. As a result, we incurred additional costs for such rectification works and resulted in cost overrun for Project #01. In this regard, we recorded net loss of approximately HK\$6.9 million from Project #01 during the Track Record Period. For further details of the loss-making project, please refer to the paragraph headed “Business – Loss-making project during the Track Record Period” in this document.

During the Track Record Period, our contracts with customers are generally on re-measurement basis and occasionally on a lump sum price basis or a combination of lump sum price items and re-measurement items, while our contracts with our subcontractors are generally on re-measurement basis. In the event that our contracts with customers are on a lump sum price basis and the cost of subcontracting increases and we are unable to pass on the risk of increased subcontracting fees to our customers, our profitability may be adversely affected.

### **The total actual value of work done may differ from the original estimated contract sum stated in our contracts with customers**

During the Track Record Period, our contracts with customers are generally on re-measurement basis. Depending on our negotiations with customers, some of our customers may also engage us based on a lump sum price or a combination of lump sum price items and re-measurement items. In respect of re-measurement items, the contract will specify an estimated

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contract sum based on the agreed unit rates and the estimated quantities of work items. The actual amount of works to be carried out by us under our contract is subject to our customer's instructions or orders placed during the contract period and the total actual value of work done may be different from the original estimated contract sum stated in the contract. Our customers will measure the actual quantities of works executed on site and our Group will be paid based on the actual work done. In respect of lump sum price items, we are generally required to carry out the specified works required by our customers of fixed quantity at an agreed fixed price.

Our customers may request additional, reduction or alteration of works beyond the scope of the contract during project implementation by placing variation orders with us. The aggregate amount of revenue that we are able to derive from a project may be different from the original estimated contract sum specified in the relevant contract due to variation orders placed by our customers. For FY2018/19, FY2019/20, FY2020/21 and FY2021/22, our revenue attributable to the variation orders amounted to approximately HK\$42.9 million, HK\$73.5 million, HK\$77.9 million and HK\$72.8 million, representing approximately 9.6%, 14.3%, 17.7% and 16.0% of our total revenue in the corresponding financial year, respectively. For further details on our variation orders, please refer to the paragraph headed "Business – Our customers – Principal terms of engagement" in this document. As such, there is no assurance 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 will not be substantially different from the original estimated contract sum as specified in the relevant contracts and our financial condition may be adversely affected by any decrease in our revenue as a result of variation orders. As a result, there is no assurance that our revenue and profit margin in the future will remain at a level comparable to those recorded during the Track Record Period.

### **Potential mismatch in time between receipt of progress payments from our customers, payment of project up-front costs, and payments to our suppliers may adversely affect our cash flows**

We may experience net cash outflows as project up-front costs at the preliminary stage of a project. The up-front costs of our projects generally include subcontracting fees for work done by subcontractors, payment made to suppliers for materials and toolings and machinery rental costs. As advised by F&S, while the nature and quantum of project up-front costs incurred varies from project to project, the average amount of up-front costs incurred for wet trades works project is generally within the range of approximately 10% to 25% of the contract sum and may vary depending on the size and duration of the project, the payment practice of different contractors and the relationship between the relevant parties involved. Based on our operation history during the Track Record Period and depending on the scale of the projects, the average timeframe between (i) the time when we first incurred the up-front costs; and (ii) the time when we first generate positive monthly cash flow in respect of the project is on average seven months (the "Up-front Period"). Depending on our terms of engagement with different customers, in respect of the top projects undertaken during the Track Record Period, the total amount of up-front costs incurred by our Group during the Up-front Period represented on average 20% of the contract sum of the project. Our customers generally make progress payments according to

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our work progress, and such payments are required to be certified by our customers before we issue an invoice to our customers. In addition, our customers may withhold up to 10% of each of our progress payment as retention monies and subject to a cap of 5% of the total contract sum. Depending on the contract terms, half of the retention monies are generally released upon completion of our works to the satisfaction of the main contractor or project owner. The remaining half are generally released upon expiry of the defects liability period of the relevant contracts. As at 31 March 2019, 2020, 2021 and 2022, retention receivables of approximately HK\$43.9 million, HK\$46.2 million, HK\$50.0 million and HK\$57.7 million, respectively, were retained by our customers as retention monies. For further information, please refer to the paragraph headed “Business – Our customers – Principal terms of engagement” in this document.

Accordingly, our cash flow typically turns from net outflows at the early stage of a project into accumulative net inflows gradually as the project progresses. This results in a cash flow gap and in the event that we have more projects at the initial stage or that a substantial amount of retention monies from various projects are being withheld by our customers at any given point of time, our liquidity may be materially and adversely affected.

**We received government grants, which are non-recurring in nature, and there is no guarantee that we will continue to receive government grant at a similar level or at all**

For FY2018/19, FY2019/20, FY2020/21 and FY2021/22, our Group received government grants of approximately HK\$85,000, HK\$0.2 million, HK\$19.6 million and HK\$0.6 million, respectively. In particular, as part of the Government’s relief measures on COVID-19 pandemic, during FY2020/21, we received approximately HK\$2.0 million under the Employment Support Scheme under the Anti-epidemic Fund and HK\$17.1 million under the Construction Industry Council’s Employment Support Scheme for the construction sector (casual employee), both of which are non-recurring in nature. For further details on the government grants received by our Group, please refer to the paragraph headed “Financial information – Principal components of results of operations – Other income” in this document.

As those Government’s relief measures on COVID-19 pandemic are non-recurring in nature, we cannot guarantee that we will continue to receive the aforesaid government grants at a similar level or at all. In the event of any changes in government measures or policies, resulting in any suspension, material reduction or termination of government grants received by our Group, our profitability, financial conditions and results of operations may be materially and adversely affected.

**We are subject to credit risk in relation to the collectability of our trade receivables and contract assets**

A contract asset represents our Group’s right to consideration from customers in exchange for the provision of wet trades works that our Group has transferred to the customers that is not yet unconditional. Contract assets arise when our Group has provided the wet trades works under the relevant contracts but the works have yet to be certified by architects, quantity surveyors or

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other representatives appointed by the customers and/or our Group’s right to payment is still conditional on factors other than passage of time. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when our Group’s right to payment becomes unconditional other than passage of time.

Our Group recorded contract assets (net of provision for impairment) of approximately HK\$77.0 million, HK\$102.5 million, HK\$117.3 million and HK\$130.3 million as at 31 March 2019, 2020, 2021 and 2022, respectively. Our Group’s contract assets comprised (i) unbilled revenue; and (ii) retention receivables for wet trades works.

Our Group recorded unbilled revenue of approximately HK\$33.2 million, HK\$56.6 million, HK\$67.8 million and HK\$72.8 million as at 31 March 2019, 2020, 2021 and 2022, respectively. In addition, our customers may withhold up to 10% of each of our progress payment as retention monies and subject to a cap of 5% of the total contract sum. Depending on the contract terms, half of the retention monies are generally released upon completion of our works to the satisfaction of the main contractor or project owner. The remaining half are generally released upon expiry of the defects liability period of the relevant contracts. As at 31 March 2019, 2020, 2021 and 2022, our retention receivables amounted to approximately HK\$43.9 million, HK\$46.2 million, HK\$50.0 million and HK\$57.7 million, respectively. Please refer to the paragraph headed “Financial information – Discussion of selected statement of financial position items – Contract assets and contract liabilities” in this document for a further discussion and analysis regarding our unbilled revenue and retention receivables.

For details of the subsequent settlement of these contract assets, please refer to the paragraph headed “Financial information – Discussion of selected statement of financial position items – Contract assets and contract liabilities – Subsequent billing and settlement” in this document. There is no assurance that we will be able to bill all or any part of contract assets for our services completed according to the payment terms of the contracts and there is no assurance that the retention monies will be released by our customers to us on a timely basis and in full accordingly.

Further, there can be no assurance that our customers will settle our invoices on time and in full. As at 31 March 2019, 2020, 2021 and 2022, we recorded trade receivables (net of provision for impairment) of approximately HK\$39.0 million, HK\$52.4 million, HK\$35.9 million and HK\$27.2 million, respectively. In the event that we are unable to collect a substantial portion of our trade receivables within the payment terms or at all, our cash flows and financial positions will be adversely affected.

As at 31 March 2019, 2020, 2021 and 2022, our Group was exposed to concentration of credit risk on trade receivables and contract assets from our five largest customers amounting to approximately HK\$89.4 million, HK\$125.8 million, HK\$105.6 million and HK\$116.4 million and accounted for approximately 77%, 81%, 69% and 74% of the total trade receivables and contract assets balance, respectively. Any difficulty in collecting a substantial portion of our trade receivables and contract assets could materially and adversely affect our cash flows and financial positions.

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### **We recorded net cash used in operating activities for FY2018/19 and FY2019/20**

We recorded net cash used in operating activities of approximately HK\$49.1 million and HK\$18.8 million for FY2018/19 and FY2019/20, respectively. Please refer to the paragraph headed "Financial information – Liquidity and capital resources – Cash flows" in this document for further information. We cannot guarantee that we will be able to generate positive cash flows from operating activities in the future. In particular, we cannot predict the amount and timing of billing to or receipts from our customers for our contract assets and trade receivables. For FY2018/19, FY2019/20 and FY2020/21, our Group recognised impairment losses on trade receivables and contract assets of approximately HK\$0.1 million, HK\$0.2 million and HK\$0.2 million, respectively. Net cash used in operating activities may materially and adversely affect our liquidity and financial conditions, and hence may require us to obtain sufficient external financing to meet our financial needs and obligations. If we rely on external financing to generate additional cash, we will incur financing costs and we cannot assure you that we will be able to obtain external financing on terms acceptable to us, or at all.

### **Our performance depends on market conditions and trends in the wet trades industry and if there is any slowdown (in terms of transaction volume and price) of the property market in Hong Kong, the availability of wet trades works projects in Hong Kong may decrease significantly**

During the Track Record Period, the majority of our revenue was derived from wet trades works for residential developments. For FY2018/19, FY2019/20, FY2020/21 and FY2021/22, we derived approximately 89.0%, 91.3%, 70.4% and 63.1% of revenue from wet trades works in projects involving residential developments. The future development of the wet trades industry and the availability of wet trades works projects in Hong Kong depend largely on the continued development of the property market in Hong Kong. The nature, extent and timing of available wet trades works projects will be determined by an interplay of a variety of factors, including the Government's policies on the property market in Hong Kong, its land supply and public housing policy, the investment of property developers and the general conditions and prospects of Hong Kong's economy. These factors may affect the availability of wet trades works projects in Hong Kong.

If there is any slowdown (in terms of transaction volume and price) of the property market in Hong Kong, there is no assurance that the availability of wet trades works projects in Hong Kong would not decrease significantly and our Group's business and financial position and prospect may be adversely and materially affected.

### **Any deterioration in the outbreak of COVID-19 may adversely affect our operation and financial condition**

The first confirmed case of COVID-19 in Hong Kong was first reported in January 2020. Since then, there has been rounds of outbreak of COVID-19 in Hong Kong. The Government has announced various measures, including travel restrictions and safe distancing measures in order to reduce the risk of local transmission of COVID-19. There is no assurance that the outbreak of

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COVID-19 in Hong Kong can be effectively controlled and the Government will not impose more stringent measures such as closure of physical workplace premises, full-scale suspension of all business, social and other activities as well as other lockdown policy to control the spread of COVID-19.

In late January 2021, several confirmed COVID-19 cases were reported at the project site of Project #18 located in Yau Ma Tei (the “**Yau Ma Tei Site**”). For further details of Project #18, please refer to the paragraph headed “Business – Projects on hand” in this document. In order to contain the transmission of COVID-19 and to facilitate disinfection at the Yau Ma Tei Site, the Centre for Health Protection under the Department of Health of the Government advised that all construction activities at the Yau Ma Tei Site to be suspended for 14 days with effect from 28 January 2021. Construction works at the Yau Ma Tei Site had resumed subsequent to the temporary works suspension.

Since January 2022 and up to April 2022, Hong Kong has recorded the fifth wave of outbreak of COVID-19 attributable to the SARS-CoV-2 Omicron variant (the “**Fifth Wave Outbreak**”). Confirmed COVID-19 cases were reported at the project sites of three of our projects, namely Project #18, #19 and O15 during the Fifth Wave Outbreak. In order to contain the transmission of COVID-19 and to allow for thorough disinfection, all construction activities on the project sites were temporarily suspended. Project #18 was suspended for three days, Project #19 was suspended for two days and Project O15 was suspended for four days, mainly for disinfection. As at the Latest Practicable Date, all suspensions under Project #18, #19 and O15 have been lifted and we have resumed works on such projects.

Although we have not experienced major delay in the project status of Project #18, #19 and O15 as a result of their respective works suspension as at the Latest Practicable Date, if there is any occurrence of similar incident at any of our construction sites, this may result in material disruption or delay in construction works, which in turn could have an adverse impact on our ability to deliver works on time and hence impair our reputation, business, financial conditions and our relation with our customers. In addition, our gross profit margin may be adversely affected if there is any prolonged suspension due to COVID-19 as we may have to incur additional costs from (i) working overtime and engagement of additional subcontractors after resumption of works to avoid failure to complete according to the schedule; and (ii) additional machinery rental expenses since we may not be allowed to enter the site and mobilise those idle machinery to other construction sites.

The outbreak of COVID-19 in Hong Kong may have a material adverse impact on Hong Kong economy, which may result in a slowdown in the property market and lower the availability of wet trades works projects in Hong Kong. Any deterioration in the outbreak of COVID-19 may also lead to labour shortage, increase in wages of the workers and/or interruption of our business operations, temporary suspension or delay of the work progress of our projects. We cannot assure you that we will not experience any project delays or failure to complete our project according to the planned specifications, schedule and budget as a result of the outbreak of COVID-19, which may expose us to potential claims from customers for



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liquidated damages and result in adverse impact on our reputation, business, financial condition and results of operations.

Our operations may also be affected if any of our employees or employees of our subcontractors is suspected of contracting or contracted COVID-19, since this may require us and our subcontractors to quarantine some or all of the relevant employees and disinfect our project sites and facilities used for our operations. These adverse impacts, if materialise and persist for a substantial period of time, may significantly and adversely affect our business operations and financial performance.

In addition, if the Government introduces further measures to combat the spread of COVID-19 including import controls or lockdown policy on a city-wide scale, there is no assurance that our suppliers would be able to (a) maintain their normal business operation without disruptions; and/or (b) deliver the services, materials or subcontracting services to us without delay, and there is no guarantee that we would be able to source the services, materials or subcontracting services from alternative suppliers in time if such measures persist for a substantial period.

### **Events such as epidemics, natural disasters, adverse weather conditions, political unrest and terrorist attacks could significantly delay, or even prevent us from completing, our projects**

Our operations are subject to uncertainties and contingencies beyond our control that could result in material disruptions in our operations and adversely affect our business. These include epidemics, natural disasters, fire, adverse weather conditions, political unrest, wars and terrorist attacks. Any such events could cause us to reduce or halt our operation, adversely affect our business operation, increase our costs and/or prevent us from completing our projects, any one of which could materially and adversely affect our business, financial condition and results of operations.

In such event, our business operations may also be severely disrupted due to a negative impact on investor confidence and risk appetites, the fund-raising activities of issuers and proposed [REDACTED] applicants, the macroeconomic condition as well as the financial conditions in Hong Kong. Our business operations, financial condition as well as our fund-raising activities as contemplated by this document may be materially and adversely affected as a result.

### **Failure to maintain safe construction sites and/or implement our safety management system may lead to the occurrence of personal injuries, property damages, fatal accidents or suspension or non-renewal of our registration under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council**

Due to the nature of works in construction sites, risks of accidents or injuries to workers are inherent. 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

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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. Also, failure to maintain safe construction sites and/or to implement safety management measures resulting in the occurrence of serious personal injuries or fatal accidents may lead to negative publicity and/or suspension or non-renewal of our registration under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council, which in turn adversely affect our reputation, financial position and results of operation.

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.

During the Track Record Period and up to the Latest Practicable Date, we recorded 54 accidents involving our employees and/or employees of our subcontractors which arose in the ordinary course of our business. For further details, please refer to the paragraph headed “Business – Occupational health and work safety” in this document. Although the risks of accidents or injuries to workers are inherent due to the nature of works in the construction industry, such accident record may adversely affect our industry reputation, which may in turn affect our prospect of receiving tender invitations from potential new customers or being awarded with future tenders from both our existing and potential new customers. Furthermore, we may have to incur additional costs to strengthen our safety management measures, such as recruiting additional safety supervision staff, which may have an adverse impact on our profitability.

In December 2019, a fatal accident occurred at the site of Lohas Park, New Territories, Hong Kong (the “**Lohas Park Site**”), at which our Group was engaged to provide wet trades works. One construction worker, being an employee of a subcontractor of our Group, sustained fatal injury during the course of work. It was suspected that the worker fell down from height when performing tile finishing works on the bamboo scaffolding working platform at the Lohas Park Site. For further details on the fatal accident, please refer to the paragraph headed “Business – Occupational health and work safety – Fatal accident occurred in December 2019” in this document.

In May 2021, an accident occurred at the site of Wong Chuk Hang, Hong Kong Island, Hong Kong (the “**Wong Chuk Hang Site**”) in a project where our Group was engaged to provide wet trades works. One construction worker, being an employee of a subcontractor of our Group, sustained injury during the course of work. It was alleged that the worker fell down from height. The actual cause of the accident is still under investigation and the nature and severity of

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injuries are still unknown as at the Latest Practicable Date. To the best of our Directors’ knowledge, the injured worker is in a stable condition (the “**Wong Chuk Hang Accident**”). In light of the Wong Chuk Hang Accident, the Labour Department issued a suspension notice (the “**Wong Chuk Hang Suspension Notice**”) in accordance with the Occupational Safety and Health Ordinance to Chan Kiu on 20 May 2021, pursuant to which tile work on the external wall of the relevant towers located on the Wong Chuk Hang Site shall be suspended until further notice and/or revocation of the notice. The Labour Department had revoked the Wong Chuk Hang Suspension Notice on 22 June 2021 and thereafter we had resumed the tile works on the external wall of the relevant towers accordingly. For further details on the accident, please refer to the paragraph headed “Business – Occupational health and work safety – Wong Chuk Hang Suspension Notice in May 2021” in this document.

### **We were involved in certain safety-related non-compliance incidents**

Our operation is subject to certain safety-related laws and regulations. For further details, please refer to the paragraph headed “Regulatory Overview – Laws and regulations in relation to labour, health and safety”. During the Track Record Period, our Group was convicted of five summonses in respect of non-compliance with the Construction Sites (Safety) Regulations. For further details, please refer to the paragraph headed “Business – Non-compliance – Non-compliance with the Construction Sites (Safety) Regulations” in this document.

There is no assurance that safety-related non-compliance will never occur in the future due to human error or failure of our workers or our subcontractors’ workers in adhering to our safety measures. Any non-compliance or conviction records may adversely affect our reputation, and this may in turn affect our prospect of being awarded with future tenders. Further, if any non-compliance of similar or other nature occurs in the future, we may be subject to fines, business interruptions and/or other legal and operational consequences, which may adversely and materially affect our business operation and financial position.

### **We may be a party to legal proceedings from time to time and we cannot assure you that such legal proceedings will not have a material adverse impact on our business. In particular, there may be potential employees’ compensation claims and personal injury claims**

We may be involved in claims and litigations in respect of various matters from our customers, subcontractors, workers and other parties concerned with our works from time to time. Such claims may include in particular employees’ compensation claims and personal injury claims in relation to personal injuries suffered by workers as a result of accidents arising out of and in the course of employment of the injured workers. During the Track Record Period and up to the Latest Practicable Date, we were involved in a number of labour disputes, employees’ compensation claims, personal injury claims and criminal litigations which arose in the ordinary course of our business. Please refer to the paragraph headed “Business – Litigations and claims” in this document for further information.

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There is no assurance that we will not be involved in any claims or legal proceedings, nor can we assure you that any such claims or legal proceedings would not have a material adverse impact on our business. Should any claims against us fall outside the scope and/or limit of insurance coverage, our financial position may be adversely affected. Regardless of the merits of any outstanding and potential claims, we need to divert management resources and incur extra costs to handle these claims, which could affect our corporate image and reputation if they were published by the press. If the aforesaid claims were successfully made against our Group and are not covered by insurance policies, we may need to pay damages and legal costs, which in turn could adversely affect our results of operations and financial position.

### **Our historical revenue, gross profit and gross profit margin may not be indicative of our future performance**

For FY2018/19, FY2019/20, FY2020/21 and FY2021/22, our gross profit amounted to approximately HK\$31.5 million, HK\$46.0 million, HK\$53.9 million and HK\$57.7 million, respectively; while our gross profit margin was approximately 7.0%, 9.0%, 12.2% and 12.6%, respectively. However, such trend of historical financial information of our Group is a mere analysis of our past performance only and does not have any positive implication or may not necessarily reflect our financial performance in the future which will depend on our capability to secure new business opportunities and to control our costs. There is no assurance that our operating and financial performance in the future will remain at a level comparable to those recorded during the Track Record Period.

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 fees; (iv) prices of materials and toolings; and (v) our pricing strategy. There is no assurance that our profit margin will remain stable in the future and that we can maintain our current level of performance.

### **Our Group is dependent on key personnel and there is no assurance that our Group can retain them**

Our Directors believe that our success, to a large extent, is attributable to, among other things, the contribution of Mr. KS Chan and Mr. WP Chan, each being our executive Director. Details of their expertise and experience are set out in the section headed "Directors and senior management" in this document. Our key personnel as well as their management experience in the wet trades industry in Hong Kong are crucial to our operation and financial performance. Although we have entered into a service agreement with each of our executive Directors, there could be an adverse impact on our operation should any of our executive Directors terminate his

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## RISK FACTORS

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service agreement with us or otherwise cease to serve our Group and appropriate persons could not be found to replace them. There is no assurance that we will be able to attract and retain capable staff in the future. In such event, the business and financial position and prospects of our Group could be materially and adversely affected.

### **Our ability to successfully tender for and undertake new projects is limited by the availability of our project management staff and subcontractors**

During the Track Record Period, we have focused on the role of project management in carrying out our works. Therefore, our services capacity in undertaking several and sizeable wet trades works projects is largely limited by the availability of our in-house project management staff and our subcontractors. According to the Industry Report, shortage of experienced and skilled labour is a prolonged issue in the wet trades industry in Hong Kong. In view of the aforesaid, we may encounter difficulties in maintaining and recruiting sufficient number of project management staff or engaging suitable subcontractors for undertaking additional projects in the future.

During the Track Record Period, our Group had from time to time received invitations for tenders when our available resources were occupied by other projects on hand. On occasion, in order to (i) maintain our business relationship with customers; (ii) maintain our presence in the market; and (iii) be informed of the latest market development and pricing trends which are useful for tendering projects in the future, we would respond to our customers' invitations by submitting tenders instead of turning them down. In such circumstances, our executive Directors would take a more prudent approach in costs estimation by factoring a higher profit margin even though it may cause our tender price to become less competitive than those submitted by our competitors. Therefore, our ability to successfully tender for new projects may be affected by the availability of our project management staff. There is a risk that we may not be awarded with new contracts by our customers as our tenders may become relatively less competitive due to limitation in our service capacity.

### **Failure to complete our projects on a reliable and timely basis could materially affect our reputation, our financial performance or may subject us to claim**

The contracts with our customers generally contain a liquidated damages clause under which we are liable to pay liquidated damages to our customers if we are unable to deliver or perform the contractual works within the time specified in the contract. Liquidated damages are generally determined on the basis of a fixed sum per day.

Delay in a project may occur from time to time due to various unforeseen factors such as shortage of manpower, delays by subcontractors, industrial accidents, and delay in delivery of materials. If there is any delay on our part in completion of a project, we may be liable to pay liquidated damages under the contract. There is no assurance that there will not be any delay in our existing and future projects resulting in claims in relation to liquidated damages, which in turn will have adverse impact on our reputation, business, financial condition and results of operations.

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### **There is no assurance that we will be able to renew our registration under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council**

Both of our principal operating subsidiaries, Chan Kiu and Ying Wai, are registered specialist trade contractors in the designated trade category of plastering (Group 2) under the Registered Specialist Trade Contractors Scheme (formerly known as the Subcontractor Registration Scheme) of the Construction Industry Council. Subcontractors engaged under public sector projects initiated by the Government are generally required to possess registration under the Registered Specialist Trade Contractors Scheme of the Construction Industry Council. Renewal of registration under the Registered Specialist Trade Contractors Scheme is required every three or five years and is generally subject to certain technical and relevant industry experience requirements. There is no assurance that we will be able to renew such registration every time in the future. In the event of non-renewal of such registration, our reputation, our ability to obtain future businesses, and our business and financial position and prospects could be materially and adversely affected.

### **We are exposed to claims arising from latent defects liability**

We do not maintain any defects liability insurance and we may face claims arising from latent defects that are existing but not yet active, developed or visible, found in the works which are constructed by us or our subcontractors. If there is any significant claim against us for latent defects liability of any default or failure of our services by our customers or other party, our profitability may be adversely affected.

Our contracts generally include a defects liability period of 12 to 24 months, following the completion of the relevant site works. During the defects liability period, we are typically required to rectify any defect without delay at our own cost if the defect is due to our non-conformance of works performed, or due to our neglect or failure to comply with our contractual obligation. Such obligation will be recognised as liability in the statement of financial position if the obligation is considered highly probable and the obliged amount can be reliably measured. Otherwise, such claim will be disclosed as contingent liability.

### **Our insurance coverage may not be adequate to cover potential liabilities**

Certain risks disclosed elsewhere in this section such as risks in relation to customer concentration, our ability to obtain new contracts, our ability to retain and attract personnel, availability and performance of subcontractors, project and cost management, our ability to maintain and renew our registrations, credit risk and liquidity risk, are generally not covered by insurance because they are either uninsurable or it is not cost justifiable to insure against such risks. Insurance policies covering losses from acts of war, terrorism, or natural catastrophes are also either unavailable or cost prohibitive.

Further, we may be subject to liabilities against which we are not insured adequately or at all or liabilities against which cannot be insured. Should any significant liabilities arise due to accidents, natural disasters, or other events which are not covered or are inadequately covered

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## RISK FACTORS

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by our insurance, our business may be adversely affected, potentially lead to a loss of assets, lawsuits, employee compensation obligations, or other forms of economic loss.

We cannot guarantee that our current levels of insurance are sufficient to cover all potential risks and losses. In addition, we cannot guarantee that we can renew our policies or can renew our policies on similar or other acceptable terms. If we suffer from severe unexpected losses or losses that far exceed the policy limits, it could have a material and adverse effect on our business, financial position, results of operations and prospect.

**Our profitability may be affected by the potential increase in depreciation expenses and staff costs upon our planned acquisition of additional machinery and motor vehicles and our planned recruitment of additional staff**

It is one of our business strategies to acquire additional machinery and motor vehicles by utilising a portion of the [REDACTED] from the [REDACTED] so as to cope with our business development, increase our overall efficiency, capacity and technical capability in performing wet trades works as well as our ability to cater for different needs and requirements of different customers. Please refer to the section headed “Future plans and use of [REDACTED]” in this document for details of the types of machinery to be purchased. Please also refer to the paragraph headed “Business – Machinery” in this document for details of our existing machinery.

As a result of the purchase of additional machinery and motor vehicles, it is expected that additional depreciation will be charged to our profit and loss account and may therefore affect our financial performance and operating results. Based on the accounting policies adopted by our Group, depreciation on machinery is calculated using the straight-line method. Therefore, it is estimated that additional depreciation expenses on plant and machinery of approximately HK\$0.7 million will be incurred per annum after we have acquired all the machinery and motor vehicles that we intend to purchase under our business expansion plan.

In addition to the acquisition of additional machinery and motor vehicles, our business strategies also include the recruitment of additional staff by utilising a portion of the [REDACTED] from the [REDACTED] so as to cope with our business development. Please refer to the section headed “Future plans and use of [REDACTED]” in this document for details of the additional staff that we plan to employ by functions. Based on the intended timing of deployment of the [REDACTED] for recruitment and retention of all the additional staff, it is estimated that additional staff costs of approximately HK\$3.2 million and HK\$6.4 million will be incurred for FY2022/23 and FY2023/24, respectively.

Our planned investments in machinery and motor vehicles and labour resources will increase our costs (including depreciation expenses and staff costs) but there is no assurance that there will be a satisfactory increase in our operational and financial performance as a result. Should we be unable to obtain more projects and increase our profitability after such planned investments, our business and financial position and prospects may be adversely affected.

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## RISK FACTORS

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### **Possible difficulty in recruiting sufficient labour may hinder our future business strategies**

It is one of our business strategies to expand our labour resources by recruiting additional staff in order to cope with our business development and our planned purchases of additional machinery. Please refer to the section headed “Future plans and use of [REDACTED]” in this document for details of the additional staff that we plan to employ by functions. However, the wet trades industry in Hong Kong has been facing the problem of labour shortage and ageing workforce, as further discussed in the paragraph headed “Risks relating to the industry in which we operate – The wet trades industry in Hong Kong has been facing the problem of labour shortage and ageing workforce” in this section. As a result, there may be potential difficulties for us to recruit sufficient labour for the implementation of our future business strategies. Any material difficulties in recruiting sufficient labour for the implementation of our future business strategies may adversely affect our Group’s ability to successfully grow our business, which may in turn adversely affect our business and financial position and prospects.

### **Our business plans and strategies may not be successful or be achieved within the expected time frame or within the estimated budget**

We intend to further increase our capital reserve for financing our project up-front costs, enhance our machinery, strengthen our manpower, strengthen our occupational safety and enhance our information technology capability in order to cope with the expected increase in demand for our services. However, our plans and strategies may be hindered by risks including but not limited to those mentioned elsewhere in this section. There is no assurance that we will be able to successfully maintain or increase our market share or grow our business successfully after deploying our management and financial resources. Any failure in maintaining our current market position or implementing our plans could materially and adversely affect our business, financial condition and results of operations.

### **If we fail to comply with applicable anti-corruption and anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations**

We are subject to the anti-corruption and anti-bribery laws of Hong Kong, which include but are not limited to the Prevention of Bribery Ordinance. Our procedures and controls to monitor anti-corruption and anti-bribery compliance may fail to protect us from reckless or criminal acts committed by our employees. If we, due to either our own deliberate or inadvertent acts or those of others, fail to comply with applicable anti-corruption and anti-bribery laws, our reputation could be harmed and we could incur criminal or civil penalties, other sanctions and/or significant expenses, which could have a material adverse effect on our business, including our financial condition, results of operations, cash flows and prospects.



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## RISK FACTORS

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### RISKS RELATING TO THE INDUSTRY IN WHICH WE OPERATE

#### **We operate in a competitive industry**

Some of our competitors may have certain advantages, including but not limited to having long operating history, better financing capabilities and well developed technical expertise. New participants may wish to enter the industry provided that they have the appropriate skills, local experience, necessary machinery, capital and they are granted the requisite licences or approvals by the relevant regulatory bodies. Any significant increase in competition may result in lower operating margins and loss of market share, which may adversely affect our profitability and operating results.

#### **The wet trades industry in Hong Kong has been facing the problem of labour shortage and ageing workforce**

According to the Industry Report, the Hong Kong wet trades industry has been facing the problem of labour shortage and aging workforce. This led to the average daily wages of workers engaged in wet trades works, such as plasterer, marble worker, bricklayer and concreter, having increased from approximately HK\$1,440.1 in 2016 to approximately HK\$1,445.7 in 2021, representing a CAGR of approximately 0.1%. The rise in the average daily wages of wet trades workers was principally due to the imbalance between the demand and supply of experienced construction workers available in the market and the labour shortage is very likely to continue in the future years and the average daily wages of wet trades workers will grow at a CAGR of 2.2% from 2022 to 2026. For further information regarding the problem of labour shortage and aging workforce faced by the wet trades industry in Hong Kong, please refer to the paragraph headed “Industry overview – Price trend of major cost components” in this document.

The supply and cost of labour in Hong Kong are affected by the availability of labour in the market as well as economic factors in Hong Kong including the inflation rate and standard of living. There is no guarantee that the supply of labour and labour costs will be stable. In addition, the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) requires that an employee is entitled to be paid wages in respect of any wage period of not less than the minimum wage, which shall be derived by reference to the prescribed minimum hourly wage rate (currently set at HK\$37.5 per hour). There is no assurance that the statutory minimum wage will not increase in the future.

In the event that we or our subcontractors fail to retain existing labour and/or recruit sufficient labour in a timely manner to cope with the demand of our existing or future jobs and/or there is a significant increase in the costs of labour, we may not be able to complete our jobs on schedule and/or within budget and our operations and profitability may be adversely affected.

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## RISK FACTORS

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### **Rising construction costs, including the costs of construction workers and construction materials, may increase our costs of operation**

According to the Industry Report, the wet trades industry in Hong Kong has been facing the problem of increasing operating costs. The increase in operating costs is mainly attributed to the wage trend of construction workers (as discussed above) as well as the prices of certain construction materials, such as Portland cement, hydraulic lime, concrete blocks, aggregates and sand, which are typically required in carrying out wet trades works. For further details of the past price trend of such construction materials, please refer to the paragraph headed “Industry overview – Price trend of major cost components” in this document. Any substantial increase in our costs of operation may materially and adversely affect our business and financial positions and prospects.

Construction works are usually divided into various different trades. Each trade requires specialised labour of its own and cannot be easily replaced by labour of another trade. The fees charged by our subcontractors depend on a number of factors, which generally include their own costs of operation. Industrial action of any trade may disrupt our operation and/or the operation of our customers and/or subcontractors and thus the work progress of projects undertaken by us. There is no assurance that trade unions will not launch any industrial actions or strikes to demand for higher wages and/or shorter working hours in the future. If their demands are to be met, we may incur additional direct staff costs, subcontracting fees and/or experience delay in the completion of our projects where our customers may in turn claim against us for not being able to meet the time schedule requirements of the contracts. Therefore, if labour costs and costs of construction materials in Hong Kong keep increasing, our staff costs and subcontracting fees may increase in the future, which could materially and adversely affect our business operation and financial condition.

### **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, environmental 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 wet trades industry in relation to environmental 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.

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## RISK FACTORS

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### RISKS RELATING TO THE [REDACTED]

#### **Investors will experience immediate dilution**

Given the [REDACTED] of our Shares is higher than the consolidated net tangible assets per Share immediately prior to the [REDACTED], investors of our Shares in the [REDACTED] will experience an immediate dilution in the unaudited pro forma adjusted consolidated net tangible assets value to approximately HK\$[REDACTED] per Share and HK\$[REDACTED] per Share, respectively, based on the indicative [REDACTED] range of HK\$[REDACTED] per [REDACTED] to HK\$[REDACTED] per [REDACTED].

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

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

#### **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.

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## RISK FACTORS

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

There is no guarantee that our Controlling Shareholders will not dispose of their Shares following the expiration of their respective lock-up periods after the [REDACTED]. Our Group cannot predict the effect, if any, of any future sales of the Shares by any Controlling Shareholders, or that the availability of the Shares for sale by any Controlling Shareholders may have on the market price of the Shares. Sales of a substantial number of Shares by any Controlling Shareholders or the market perception that such sales may occur could materially and adversely affect the prevailing market price of the 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 paragraph headed "[REDACTED] – [REDACTED] arrangements and expenses – The [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 act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism, strike or lock-out.

### **The interest of our Controlling Shareholders may not always coincide with the interest of our Group and those of our other Shareholders**

Upon completion of the [REDACTED], our Controlling Shareholders will own [REDACTED] of our Shares. Our Controlling Shareholders will therefore, have a significant influence over the operations and business strategies of our Group, and may have the ability to require our Group to effect corporation 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 chooses to cause our Group's business to pursue strategic objectives that conflict with the interests of other Shareholders, our Group or those other Shareholders may be adversely affected as a result.

### **Future issues, offers or sales of Shares may adversely affect the prevailing market price of the Shares**

Future issue of Shares by our Company or the disposal of Shares by any of the Shareholders or the perception that such issue or sale may occur, may negatively impact the prevailing market price of the Shares. We cannot give any assurance that such event will not occur in the future.

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## RISK FACTORS

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### **There can be no assurance that we will declare or distribute any dividend in the future**

For FY2018/19, FY2019/20, FY2020/21 and FY2021/22, our Group declared and paid out dividends of HK\$6 million, approximately HK\$1.3 million, nil and nil, respectively, to our then shareholders.

Subject to the Companies Act and the Articles, our Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by our Board. Our Board may also from time to time pay to our Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company, and may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit. 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 by our Board. 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. There can be no assurance 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.

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

#### **No representation is given as to the accuracy of the information from official government sources**

The information and statistics set out in the section headed “Industry overview” and other sections of this document were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Industry Report, an independent industry report, in connection with the [REDACTED]. Our Company believes that the sources of the information are appropriate sources for such information, and the Sponsor and our Directors have taken reasonable care to extract and reproduce the publications and industry related sources in this document. In addition, our Company has no reason to believe that such information is false or misleading or that any fact that would render such information false or misleading has been omitted. However, the information from official government sources has not been independently verified by us, the Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], any of their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.

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

Included in this document are various forward-looking statements that are based on various assumptions. Our Group’s future results could differ materially from those expressed or implied by such forward-looking statements. For details of these statements and the associated

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risks, please refer to the section headed “Forward-looking statements” in this document. Investors should read this entire document carefully and we strongly caution you not to place any reliance on any information (if any) contained in press articles or other media regarding us and the [REDACTED] including, in particular, any financial projections, valuations or other forward-looking statements.

Prior to the publication of this document, there may be press or other media which contains information referring to us and the [REDACTED] that is not set out in this document. We wish to emphasise to potential investors that neither we nor any of the Sponsor, the [REDACTED], the [REDACTED] and the [REDACTED], or the directors, officers, employees, advisers, agents or representatives of any of them, or any other parties (collectively, the “**Professional Parties**”) involved in the [REDACTED] has authorised the disclosure of such information in any press or media, and neither the press reports, any future press reports nor any repetition, elaboration or derivative work were prepared by, sourced from, or authorised by us or any of the Professional Parties. Neither we nor any Professional Parties accept any 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 any such information is not contained in this document or is inconsistent or conflicts with the information contained in this document, we disclaim any responsibility and liability whatsoever in connection therewith or resulting therefrom. Accordingly, prospective investors should not rely on any such information in making your decision as to whether to invest in the [REDACTED]. You should rely only on the information contained in this document.