
SUMMARY

This summary aims to give you an overview of the information contained in this [REDACTED]. As this is a summary, it does not contain all the information that may be important to you. You should read this [REDACTED] in its entirety before you decide to invest in the [REDACTED]. There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section entitled "Risk Factors" in this [REDACTED]. You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are the leading equipment operation service provider in China, with comprehensive equipment offerings and strong service capacities. According to the F&S Report, we were the largest equipment operation service provider in China in terms of revenue in 2021. Leveraging our equipment operation service capabilities, we provide comprehensive and multi-dimensional services covering the full cycle of projects.

Our major brands include Horizon Construction Development (宏信建發), Horizon Equipment (宏信設備) and Hongjin Equipment (宏金設備). Our leading market position and brand recognition are reflected in the numerous awards we have received, including Top Ten Brands In the Engineering Equipment Leasing Industry in 2020 and 2021, awarded by T50 Summit Organization Committee of World Construction Machinery Industry; first in China Top Ten MEWP Rental Company in 2022, awarded by T50 Summit Organization Committee of World Construction Machinery Industry; Top Ten Brands In the Aerial Work Platform Leasing Industry in 2021, awarded by T50 Summit Organization Committee of World Construction Machinery Industry; third in 2022, fourth in 2021, and sixth in 2020, in the Top 50 Aerial Work Platform Leasing Companies In the World in ACCESS 50; and 14th in 2022, and 24th in 2021, in IRN World's Top 100 Rental Companies, awarded by KHL Group, one of the world's largest international building information providers. Leveraging our leading position in the industry, we were able to participate in milestone projects such as the Hong Kong Emergency Hospital project, Zhengzhou Hangkonggang Railway Station project, Guangzhou Baiyun International Airport Terminal project, Semiconductor Manufacturing International Corporation Production Facility project, Baotou-Yinchuan High-speed Railway project, National Exhibition and Convention Center (Shanghai) project, Beijing Daxing International Airport project, Hong Kong-Zhuhai-Macao Bridge project and Huoshenshan Hospital project.

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In addition, we are the leader in aerial work platform equipment operation, neo-excavation support system operation and neo-formwork system operation service markets. According to the F&S Report, we are ranked first in all of the three markets in terms of equipment volume owned in China in 2021. For aerial work platforms, the equipment volume of our aerial work platforms amounted to approximately 131.3 thousand units in 2022, accounting for 30.6% of the market share in terms of equipment volume in China in the same year. For neo-excavation support systems, the equipment volume of our steel support systems amounted to approximately 1,576.6 thousand tons in 2022, accounting for 5.0% of the market share in terms of equipment volume in China in the same year. For neo-formwork systems, the equipment volume of our ringlock scaffold, amounted to approximately 622.6 thousand tons in 2022, accounting for 3.2% of the market share in terms of equipment volume in China in the same year. We believe that our comprehensive and multi-dimensional services covering the full cycle of projects and leveraging the synergies among our various product lines and diversified service categories enable us to enhance our market competitiveness and customer stickiness. As a result, we have fostered a diverse, blue chip, loyal and high-quality customer base to ensure our operational stability and sustainable growth. Moreover, we have established a nationwide service outlet network consisting of 299 service outlets as of December 31, 2021, covering 180 cities in China. According to the F&S Report, the number of our service outlets is ranked first in China in 2021 among all equipment operation service providers, enabling our industry-leading response time. As of December 31, 2022, our nationwide network comprised 349 service outlets, covering 187 cities in China. Furthermore, our proven digitalization capabilities continuously enhance our operational efficiency and customer service capabilities.

Our service portfolio consists of (i) operating lease services, (ii) engineering and technical services, and (iii) platform and other services. Our service portfolio for operating lease services covers various types of equipment and materials, which primarily include aerial work platforms, neo-excavation support systems, neo-formwork systems and other equipment. In addition, engineering and technical services we provide represent tailor-made one-stop solutions for different business or operation scenarios. Our platform and other services primarily focus on the re-rent of equipment and materials and sales of equipment, materials and spare parts. For the years ended December 31, 2020, 2021 and 2022, revenue generated from (i) engineering and technical services and (ii) platform and other services combined as a percentage of our revenue was 32.2%, 27.3% and 34.1%, respectively.

We had achieved strong financial performance during the Track Record Period. Our revenue increased from RMB3,663.6 million in 2020 to RMB7,877.6 million in 2022, representing a CAGR of 46.6%. Our EBITDA (non-HKFRS measure) increased from RMB1,884.7 million in 2020 to RMB4,080.7 million in 2022, representing a CAGR of 47.1%. Our adjusted net profit (non-HKFRS measure) increased from RMB493.4 million in 2020 to RMB904.4 million in 2022, representing a CAGR of 35.4%.

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OUR BUSINESS

With a customer-oriented philosophy, we believe that we have been able to satisfy our customers' needs through our comprehensive and multi-dimensional services covering the full cycle of projects. We believe our comprehensive service portfolio with synergies enables us to cross sell our services, and to sustain our business growth. Our main business segments, categorized by service portfolios, are as follows:

- **Operating lease services:** Our service portfolio for operating lease services covers various types of equipment and materials. We offer operating lease services on a daily, weekly, monthly, yearly or project-by-project basis based on our customers' needs. Main product lines for our operating lease services primarily include aerial work platform, neo-excavation support system, neo-formwork system and other equipment, such as road equipment and electrical power equipment.
- **Engineering and technical services:** Attributable to our comprehensive and multi-dimensional service model covering the full cycle of projects, we are able to provide high-quality engineering and technical services, which represent tailor-made one-stop solutions for different business or operation scenarios.
- **Platform and other services:** Our platform and other services primarily consist of (i) platform services, which focuses on re-rent of equipment and materials and (ii) sales of equipment, materials and spare parts.

The following table sets forth a breakdown of our revenue by segment for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Operating lease services ⁽¹⁾	2,484,554	67.8	4,463,348	72.7	5,189,949	65.9
Engineering and technical services ⁽²⁾	1,062,760	29.0	1,519,288	24.7	2,136,630	27.1
Platform and other services ⁽³⁾	116,281	3.2	158,532	2.6	551,067	7.0
Total	<u>3,663,595</u>	<u>100.0</u>	<u>6,141,168</u>	<u>100.0</u>	<u>7,877,646</u>	<u>100.0</u>

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Notes:

- (1) The main product lines for our operating lease services include aerial work platform, neo-excavation support system, neo-formwork system and other equipment.
- (2) Our engineering and technical services represent tailor-made one-stop solutions for different business or operation scenarios.
- (3) Our platform and other services primarily include platform services and sales of equipment, materials and spare parts.

The following table sets forth a breakdown of our gross profit and gross profit margin by segment for the years indicated:

	For the year ended December 31,					
	2020		2021		2022	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Operating lease services	1,299,161	52.3	2,372,269	53.1	2,319,230	44.7
Engineering and technical services	305,947	28.8	442,642	29.1	640,364	30.0
Platform and other services	43,253	37.2	31,026	19.6	173,412	31.5
Total gross profit/Overall gross profit margin	1,648,361	45.0	2,845,937	46.3	3,133,006	39.8

The gross profit margin for operating lease services remained relatively stable at 52.3% for the year ended December 31, 2020 and 53.1% for the year ended December 31, 2021. The gross profit margin for operating lease services decreased from 53.1% for the year ended December 31, 2021 to 44.7% for the year ended December 31, 2022, primarily because the increase in cost of sales for providing operating lease services outpaced the increase in our revenue generated from operating lease services, which was primarily due to a decrease in the utilization rate for our equipment mainly attributable to the suspension of our operating leases with customers and suspension of operations of our service outlets in 2022 as a result of the COVID-19 pandemic.

The gross profit margin for engineering and technical services remained relatively stable at 28.8% for the year ended December 31, 2020 and 29.1% for the year ended December 31, 2021. The gross profit margin for engineering and technical services remained relatively stable at 29.1% for the year ended December 31, 2021 and 30.0% for the year ended December 31, 2022.

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The gross profit margin for platform and other services decreased from 37.2% in 2020 to 19.6% in 2021, primarily due to a higher proportion of sales of certain materials which had relatively lower gross profit margins. The gross profit margin for platform and other services increased from 19.6% for the year ended December 31, 2021 to 31.5% for the year ended December 31, 2022, primarily due to a higher proportion of revenue from platform services, which had relatively higher gross profit margins than that of sales of equipment, materials and spare parts.

OUR EQUIPMENT

We endeavor to enhance the utilization of our equipment. The below table sets forth our equipment volume by equipment type and their respective utilization rates.

	As of/for the year ended December 31,		
	2020	2021	2022
Aerial work platform			
Equipment volume (in thousand units) ⁽¹⁾	55.1	97.2 ⁽¹⁾	131.3 ⁽¹⁾
Utilization rate ⁽²⁾	78.2%	80.2%	77.3%
Neo-excavation support system			
Equipment volume (in thousand tons)	973.7	1,537.9	1,576.6
Utilization rate ⁽²⁾	72.7%	72.2%	67.9%
Neo-formwork system			
Equipment volume (in thousand tons)	338.3	534.4	622.6
Utilization rate ⁽²⁾	71.0%	78.9%	71.7%

Notes:

- (1) As of December 31, 2021 and 2022, in addition to the 92.6 thousand units and 110.1 thousand units, respectively, of aerial work platform we owned, we managed 4,618 units and 21,163 units, respectively, of aerial work platforms which we re-rented to customers through the platform services joint mode. For details, see “—Our Business—Platform and Other Services—Platform services”.
- (2) Calculated as the average of total value of assets we leased out during the year divided by the average of total value of equipment we owned during the corresponding year. “Average of total value of equipment” is the total asset value of all equipment, averaged between the beginning and the end of the year. According to the F&S Report, this method of calculation is consistent with the common industry practice.

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COMPETITIVE STRENGTHS

We believe that the following strengths continue to drive our value growth and set us apart from our competitors: (i) leading equipment operation service provider in China; (ii) market leadership in aerial work platform operation, neo-excavation support system operation and neo-formwork system operation service markets well-positioned for industry upgrade; (iii) synergies among different product lines, and comprehensive and multi-dimensional services covering the full cycle of projects underpinned by our customer-oriented philosophy; (iv) nationwide service outlet network with leading response time in the industry; (v) proven digitalization capabilities that continuously enhance our operational efficiency and customer service capabilities; (vi) close collaboration with Far East Horizon, one of our Controlling Shareholders, to capture significant opportunities; and (vii) experienced management team supported by a unique management mode.

COMPETITIVE LANDSCAPE

The aerial work platform operation service market in China is highly concentrated. In 2021, the top three market participants collectively accounted for 57.7% of the total market size in terms of equipment volume, with the remaining 42.3% contributed by over 1,600 small-to-medium scale players. For the same year, we are ranked the first, accounting for 29.6% of the market share, in terms of equipment volume.

In contrast, the steel support system market in China is highly fragmented. In 2021, the top three industry players only accounted for 8.7% of the total market share in terms of revenue. For the same year, we are ranked the first, accounting for 5.1% of the market share, in terms of equipment volume.

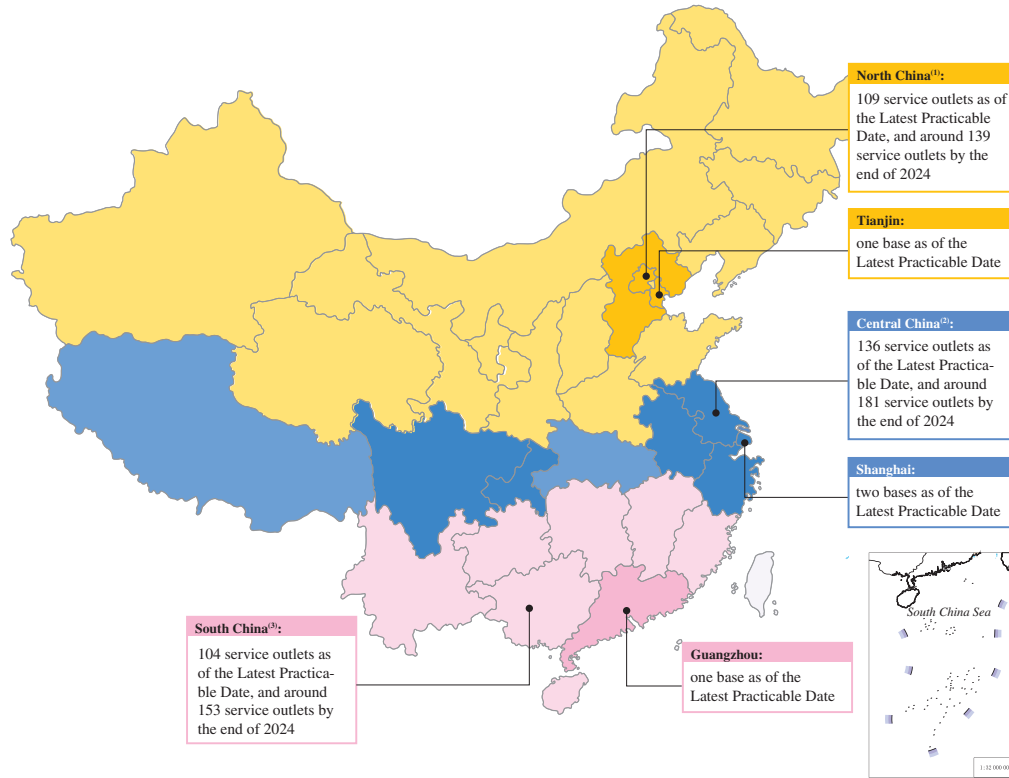
The ringlock scaffold operation service market in China is highly fragmented. In 2021, the top three market participants collectively accounted for 5.7% of the total market size in terms of equipment volume, with the remaining 94.3% contributed by over 800 small-to-medium scale players. For the same year, we are ranked the first, accounting for 3.2% of the market share, in terms of equipment volume.

BUSINESS STRATEGIES

In order to achieve our goals, we have formulated the following strategies: (i) strategically expand our service outlet network to further enhance our service capabilities; (ii) optimize our equipment portfolio; (iii) enhance our one-stop solution capabilities; (iv) enhance our operational efficiency through digitalization upgrade; (v) expand our international footprints; and (vi) enhance our competitive edges through talents.

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In terms of our plans to expand our service outlet network, the following map represents the geographical distribution of the number of our main bases, and existing and expected future service outlets to be established in China by the end of 2024:



Notes:

- (1) Includes Xinjiang, Gansu, Qinghai, Inner Mongolia, Ningxia, Shaanxi, Shanxi, Beijing, Hebei, Henan, Tianjin, Shandong, Liaoning, Jilin and Heilongjiang.
- (2) Includes Jiangsu, Zhejiang, Shanghai, Sichuan, Chongqing, Hubei, Anhui and Tibet.
- (3) Includes Yunnan, Guizhou, Guangxi, Hainan, Hunan, Guangdong, Jiangxi and Fujian.

Our service outlets are mainly located in the hotspots of China's economy, including Yangtze River Delta Region, Pearl River Delta Region, Beijing-Tianjin-Hebei Region, and Chengdu-Chongqing Region. As market demand for equipment operation services in these regions has been historically strong, we believe that establishing more service outlets in these regions will better serve our existing customers, as well as reach out to more potential customers. Thus, we plan to increase our service outlet density in tier-one and tier-two cities in these areas to further increase our market shares in these cities.

OUR CUSTOMERS AND SUPPLIERS

As a service provider operating in a highly fragmented and intensely competitive industry, we believe that building a high-quality customer base is crucial to our business growth. Attributable to our comprehensive and multi-dimensional service model covering the full cycle of projects, we have fostered a loyal and high-quality customer base over the years, which primarily includes large central enterprises, local SOEs, public entities,

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private companies and individuals in China. The number of our customers (on a standalone basis) increased from approximately 47,000 in 2020 to approximately 97,000 in 2021, and further increased to approximately 158,000 in 2022. Our customers come from various industries, including construction, manufacturing, commerce, real estate, culture, entertainment and various consumer industries.

For the years ended December 31, 2020, 2021 and 2022, revenue generated from our five largest customers amounted to RMB962.3 million, RMB1,161.8 million and RMB1,418.1 million, respectively, representing 26.3%, 18.9% and 17.9% of our total revenue for the same periods, respectively. For the years ended December 31, 2020, 2021 and 2022, revenue generated from our largest customer amounted to RMB379.2 million, RMB454.6 million and RMB498.8 million, respectively, representing 10.4%, 7.4% and 6.3% of our total revenue for the same periods, respectively.

During the Track Record Period, we primarily procured equipment used for provision of our operating lease services, construction, manufacturing and engineering and technical services. Our major suppliers primarily include equipment and materials manufacturers and service providers.

For the years ended December 31, 2020, 2021 and 2022, procurement from our five largest suppliers amounted to RMB5,143.8 million, RMB6,354.7 million and RMB2,019.1 million, respectively, representing 64.7%, 53.8% and 42.2%, of our total purchases for the same periods, respectively. For the years ended December 31, 2020, 2021 and 2022, procurement from our largest supplier amounted to RMB2,032.5 million, RMB1,950.7 million and RMB616.1 million, respectively, representing 25.6%, 16.5% and 12.9%, of our total purchases for the same periods, respectively.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the [REDACTED] (without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED]), Far East Horizon will directly hold approximately [REDACTED]% of the total issued share capital of our Company and will also be entitled to control the exercise of voting rights in respect of the Shares held by Farsighted Wit Limited (representing approximately [REDACTED]% of the total issued share capital of our Company) at our general meetings. Therefore, Far East Horizon and Farsighted Wit Limited will constitute a group of our Controlling Shareholders upon [REDACTED]. Our Directors are of the view that there is clear business delineation between Far East Horizon Group and our Group. We focus on equipment operation business, covering (i) operating lease services, (ii) engineering and technical services, and (iii) platform and other services. We have been able to satisfy our customers' needs through our comprehensive and multi-dimensional services covering the full cycle of projects. Far East Horizon Group (excluding our Group) mainly focuses on, among others, financial leasing and advisory services. The business models, customer and suppliers and underlying assets of Far East Horizon Group (excluding our Group) are different and clearly delineated from those of our Group. Although our three non-executive Directors, Mr. Kong Fanxing, Mr. Xu Huibin and Ms. Guo Lina, and one independent non-executive Director, Mr. Liu Jialin, hold overlapping directorship or other positions in Far East Horizon Group, our Directors are of the view that our Company and Far East Horizon Group can be managed independently. For details of our Controlling Shareholders, please see the section headed "Relationship with Controlling Shareholders".

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CONNECTED TRANSACTIONS

Our Group has entered into and will continue to engage in certain transactions with our connected persons, which will constitute continuing connected transactions upon [REDACTED]. For details of our continuing connected transactions, please see the section headed “Connected Transactions”.

The table set out below is a summary of our non-exempted continuing connected transactions:

Nature of transactions	Waiver sought	Annual cap for each of the years ending December 31,		
		2023	2024	2025
		(RMB'000)	(RMB'000)	(RMB'000)
Office Seats Leasing Agreement with Far East Horizon Connected Persons	Announcement requirement	9,564	9,564	9,564
Construction and Decoration Services Agreement with Far East Horizon Connected Persons	Announcement requirement	10,054	376	75
Material Procurement Agreement with Shangyu Boteng	Announcement requirement	165,600	165,600	165,600
Financial Leasing Agreement with Far East Horizon Connected Persons	Announcement and independent Shareholders' approval requirements	Direct leasing: 68,333 Sale-leaseback: 937,500	65,161	55,311 906,115

[REDACTED] AND [REDACTED]

Our [REDACTED] constitutes a [REDACTED] of our Company from Far East Horizon (stock code: 3360) under Practice Note 15 of the Listing Rules. The proposal in relation to the [REDACTED] has been submitted by Far East Horizon to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules and the Stock Exchange has confirmed that Far East Horizon may proceed with the [REDACTED]. Far East Horizon considers that the [REDACTED] and [REDACTED] of our Group will be commercially beneficial to Far East Horizon, our Company and our Shareholders as a whole. For details, please see the section headed “History, Reorganization and Corporate Structure—[REDACTED]”.

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The [REDACTED] will constitute a deemed disposal of the interest in a subsidiary of Far East Horizon under the Listing Rules. As the highest applicable percentage ratio under the Listing Rules for the [REDACTED] is expected to be more than 5% but less than 25%, the [REDACTED] will constitute a discloseable transaction for Far East Horizon under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules. The [REDACTED] will not be subject to the shareholders’ approval of Far East Horizon.

In order to enable the [REDACTED] to participate in the [REDACTED] on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the [REDACTED] of, and permission to deal in, the Shares on the Main Board and such approval not having been withdrawn and the [REDACTED] becoming unconditional, the [REDACTED] are invited to apply for an aggregate of [REDACTED] in the [REDACTED] as an [REDACTED]. For details, please see the section headed “Structure of the [REDACTED]—The [REDACTED]” in this [REDACTED]. The [REDACTED] has been approved by the Board and our Directors have been advised that the [REDACTED] will not conflict with or result in a breach of the Cayman Islands Companies Act.

[REDACTED] INVESTMENTS

We introduced the [REDACTED] Investors through several rounds of [REDACTED] Investments since our establishment. On March 27, 2020, the Shanghai Horizon Construction Development Investors, who were ultimately its key employees including management team members and key business personnel, agreed to make capital contributions to Shanghai Horizon Construction Development in the aggregate amount of RMB353,200,000. The [REDACTED] Investment enabled Shanghai Horizon Construction Development to share its interests with the key employees, which helped retain the key employees for continual operation and attract suitable personnel for further development.

On December 19, 2020, Lanjin Limited, which is wholly owned by Mr. He Ziming, agreed to subscribe for 607 Shares at a total consideration of US\$9,153,835.71. Mr. He Ziming is a non-executive Director of our Company, and a seasoned industry participant with more than 15 years of experience and high reputation in the operating lease industry. Our Directors believe that we have benefited from his relevant management experience, industry knowledge, market insights and professional advice in such industry.

On April 16, 2021, (i) Xuzhou XCMG Huijin M&A Industry Fund (L.P.), (ii) Zoomlion International Trading (H.K.) Co., Limited, (iii) GSPR Holdings Limited, (iv) Zhejiang Dingli Machinery Co., Ltd., (v) LGMG International Limited, (vi) Terex International Holdings 2 Limited and (vii) Thrive Accomplish Limited agreed to subscribe for an aggregate of 6,651 Shares at a total consideration of US\$204,910,326.45. The [REDACTED] Investors include leading industrial enterprises and renowned institutional investors. The [REDACTED] Investment demonstrated their confidence in the operations of our Group, assisted us in broadening our Shareholder base, and replenished the capital and improved the capital structure of our Company.

For details of the [REDACTED] Investments, please see the section headed “History, Reorganization and Corporate Structure—[REDACTED] Investments”.

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SUMMARY OF FINANCIAL INFORMATION

Selected items of consolidated statements of profit or loss

	For the year ended December 31,		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3,663,595	6,141,168	7,877,646
Cost of sales	(2,015,234)	(3,295,231)	(4,744,640)
Gross profit	1,648,361	2,845,937	3,133,006
Profit before tax	641,507	902,499	893,804
Profit for the year	<u>493,362</u>	<u>709,638</u>	<u>666,562</u>
Profit attributable to:			
Owners of the parent	448,373	709,638	666,562
Non-controlling interests	44,989	–	–
	<u>493,362</u>	<u>709,638</u>	<u>666,562</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods	–	–	(2,288)
Total comprehensive income attributable to:			
Owners of the parent	448,373	709,638	664,274
Non-controlling interests	44,989	–	–
	<u>493,362</u>	<u>709,638</u>	<u>664,274</u>
Non-HKFRS measures⁽¹⁾			
Profit for the year	493,362	709,638	666,562
<i>Less:</i>			
Bank interest income	3,550	9,245	11,391
Loan interest income	13,903	–	–
<i>Add:</i>			
Income tax expenses	148,145	192,861	227,242
Finance costs	303,984	650,318	924,818
Depreciation of property, plant and equipment	773,801	1,577,373	2,194,927
Depreciation of right-of-use assets	182,163	75,263	77,700
Amortization of other intangible assets	726	805	814
EBITDA	<u>1,884,728</u>	<u>3,197,013</u>	<u>4,080,672</u>

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	For the year ended December 31,		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	493,362	709,638	666,562
<i>Less:</i>			
Foreign exchange gains from redemption liabilities on ordinary shares and from interest payables on redemption liabilities on ordinary shares	–	20,509	–
<i>Add:</i>			
Foreign exchange losses from redemption liabilities on ordinary shares and from interest payables on redemption liabilities on ordinary shares	–	–	129,801
Interest on redemption liabilities on ordinary shares	–	63,968	108,061
	–	63,968	108,061
Adjusted net profit	493,362	753,097	904,424

Note:

- To supplement our consolidated results which are prepared and presented in accordance with HKFRS, we use EBITDA and adjusted net profit as additional financial measures, which are not required by, or presented in accordance with, HKFRS. EBITDA is defined as profit for the year adjusted by deducting bank interest income and loan interest income, then adding back income tax expenses, finance costs, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortization of other intangible assets. We define adjusted net profit as profit for the year adjusted for items which are non-recurring or extraordinary, including foreign exchange losses/gains from redemption liabilities on ordinary shares and from interest payables on redemption liabilities on ordinary shares, and interest on redemption liabilities on ordinary shares, which arose from the recipients of proceeds of our [REDACTED] Investments in 2021. Such exchange losses/gains and interest expenses will not recur after the [REDACTED] as upon the [REDACTED], the redemption liabilities on ordinary shares will be reclassified as equity. We believe that such non-HKFRS measures facilitate comparisons of operating performance by eliminating the potential impact of certain non-cash items. The use of such non-HKFRS measures has limitations as an analytical tool, and you should not consider them in isolation from, as a substitute for, analysis of, or superior to, our results of operations or financial conditions as reported under HKFRS. In addition, such non-HKFRS financial measures may be defined differently by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of such non-HKFRS measures should not be construed as an implication that our future results will be unaffected by unusual items. Our EBITDA margin for the years ended December 31, 2020, 2021 and 2022 was 51.4%, 52.1%, and 51.8%, respectively.

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Our revenue continued to increase during the Track Record Period, reflecting our business growth.

Selected items of consolidated statements of financial position

	As of December 31,		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets	11,217,599	18,988,430	19,951,849
Current assets	4,421,604	7,972,176	10,339,945
Current liabilities	4,693,941	7,990,176	8,190,967
Non-current liabilities	5,643,513	12,959,469	15,425,592
Net current (liabilities)/assets	<u>(272,337)</u>	<u>(18,000)</u>	<u>2,148,978</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital	327	370	370
Reserves	<u>5,300,996</u>	<u>6,010,591</u>	<u>6,674,865</u>
Net assets	<u>5,301,323</u>	<u>6,010,961</u>	<u>6,675,235</u>
Non-controlling interests	<u>426</u>	<u>–</u>	<u>–</u>
Total equity	<u>5,301,749</u>	<u>6,010,961</u>	<u>6,675,235</u>

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We recorded net current assets of RMB2,149.0 million as of December 31, 2022, as compared to net current liabilities of RMB18.0 million as of December 31, 2021, which was because the increase in our total current assets outpaced the increase in our total current liabilities, primarily due to (i) an increase in cash and cash equivalents; (ii) an increase in debt investments at FVOCI mainly attributable to an increase in payments from customers through bank bills and commercial bills; and (iii) a decrease in other payables and accruals mainly attributable to a decrease in advanced lease payments and a decrease in contract liabilities, both of which were mainly attributable to our adjusted credit policy to grant credit terms (instead of requiring prepayments) to certain major customers to secure more orders, and a decrease in other tax payables. This was partially offset by an increase in interest-bearing bank and other borrowings to support our business expansion.

Our net current liabilities decreased from RMB272.3 million as of December 31, 2020 to RMB18.0 million as of December 31, 2021, which was because the increase in our total current assets outpaced the increase in our total current liabilities, mainly reflecting our efforts to strategically increase the proportion of long-term debt financing to optimize our financing structure and mitigate the maturity mismatches between assets and liabilities. In addition, the increase in our total current assets was mainly due to (i) an increase in trade receivables mainly attributable to increases in our revenue and business scale as a result of our business expansion; (ii) an increase in prepayments, other receivables and other assets mainly attributable to an increase in deductible input value added tax as a result of our equipment procurement to support the expansion of our operating lease services. The increase in our total current liabilities was mainly due to an increase in interest-bearing bank and other borrowings to support our business expansion.

For details, see the section headed “Financial Information—Net Current Liabilities/Assets” in this [REDACTED].

Although we had net current liabilities as of December 31, 2020 and 2021, our Directors are of the opinion, and the Joint Sponsors concur, that we have sufficient working capital to meet our present and future cash requirements for at least the next 12 months from the date of publication of this [REDACTED], taking into account our cash flow generated from operating activities, bank borrowings and available banking facilities and the [REDACTED] from the [REDACTED].

In order to mitigate liquidity risks, we make reasonable use of financial leverage and closely monitor our asset-liability ratio to prevent potential liquidity risks. We also pay specific attention to mismatch of long-term and short-term indebtedness and managing liquidity risk through increasing the proportion of long-term debt financing. We aim to optimize our financing structure by using more interest-bearing bank loans and other long-term financing methods to replace short-term liabilities, so as to mitigate the maturity mismatches between assets and liabilities.

SUMMARY

We will further enhance our working capital management efficiency and continue to closely monitor our cash flows and financial position on a regular basis to ensure that our cash flows remain at a healthy level and adjust the amount of our indebtedness as appropriate. Specifically, we will formulate annual and monthly budgets and cash flow projections, which will be approved by our chief financial officer, in order to plan and monitor our cash flows. Our chief financial officer will also be responsible for reviewing regularly our liquidity and cash flows and reporting to our Board, if necessary, on our working capital management. In addition, we will continue to closely monitor our liquidity position to ensure that it is in line with our business operations and expansion needs. We will also manage the level of our cash and liquid assets to ensure the availability of sufficient cash flows to meet any planned or unexpected cash requirements arising from our operations. We will continue to assess the availability of resources for financing our business needs on an ongoing basis.

Selected items of consolidated statements of cash flow

	For the year ended December 31,		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating cash flows before			
movements in working capital ⁽¹⁾	1,946,959	3,299,002	4,291,011
Changes in working capital ⁽²⁾	(782,132)	(647,921)	(1,146,967)
Tax paid	(137,522)	(201,707)	(321,217)
Net cash generated from operating activities	1,027,305	2,449,374	2,822,827
Net cash used in investing activities	(6,690,791)	(10,470,801)	(3,462,671)
Net cash generated from financing activities	5,807,677	8,370,277	2,285,788
Net increase in cash and cash equivalents	144,191	348,850	1,645,944
Cash and cash equivalents at the beginning of the year	22,781	165,830	506,991
Effects of foreign exchange rate changes, net	(1,142)	(7,689)	6,390
Cash and cash equivalents at the end of the year	165,830	506,991	2,159,325

SUMMARY

Notes:

1. Our operating cash flows before movements in working capital is the total sum of the Group’s profit before tax, with adjustments made (including adjustments for finance costs, loan interest income, gain on disposal of items of property, plant and equipment, (gain)/loss on disposal of subsidiaries, loss on scrapped and physical items of property, plant and equipment, write-down/(reversal) of inventories to net realizable value, impairment of property, plant and equipment, impairment of right-of-use assets, ECLs of financial and contract assets, net, depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of other intangible assets, deferred revenue and exchange (gain)/loss).
2. Our changes in working capital are the total sum of the Group’s decrease/(increase) in inventories, increase in trade receivables, increase in debt investments at fair value through other comprehensive income, decrease/(increase) in prepayments, other receivables and other assets, increase in contract assets, increase in restricted balances, increase/(decrease) in trade and bills payables, increase in other payables and accruals, and increase in deferred revenue.

Our cash and cash equivalents increased from RMB165.8 million as of December 31, 2020 to RMB507.0 million as of December 31, 2021, primarily due to (i) net cash generated from financing activities of RMB8,370.3 million; and (ii) net cash generated from operating activities of RMB2,449.4 million. This was partially offset by net cash used in investing activities of RMB10,470.8 million. See “Financial Information—Liquidity and Capital Resources—Cash Flows” for more details. Our cash and cash equivalents further increased to RMB2,159.3 million as of December 31, 2022, primarily due to (i) net cash generated from operating activities of RMB2,822.8 million; and (ii) net cash generated from financing activities of RMB2,285.8 million. This was partially offset by net cash used in investing activities of RMB3,462.7 million.

SUMMARY OF KEY FINANCIAL RATIOS

The following table set forth our key financial ratios as of the dates or for the years indicated.

	As of/For the year ended December 31,		
	2020	2021	2022
Return on equity ⁽¹⁾	17.8%	12.5%	10.5%
Return on assets ⁽²⁾	4.0%	3.3%	2.3%
Gearing ratio ⁽³⁾	59.1%	74.1%	74.1%
Interest coverage ⁽⁴⁾	3.05	2.37	1.95
Gross profit margin ⁽⁵⁾	45.0%	46.3%	39.8%
EBITDA margin ⁽⁶⁾	51.4%	52.1%	51.8%

SUMMARY

Notes:

- (1) Our return on equity is calculated as the profit for the year divided by the average balance of total equity at the beginning and the end of that year and multiplied by 100%.
- (2) Our return on assets is calculated as profit for the year divided by the average balance of total assets at the beginning and the end of that year and multiplied by 100%.
- (3) Our gearing ratio is calculated as dividing net debt by total equity as of the same date plus net debt and multiplied by 100%. Net debt includes interest-bearing bank and other borrowings less cash and cash equivalents. Our gearing ratio increased from 59.1% as of December 31, 2020 to 74.1% as of December 31, 2021, primarily due to an increase in bank and other borrowings (including interest on redemption liabilities on ordinary shares, which arose from the recipients of proceeds of our [REDACTED] Investments in 2021).
- (4) Our interest coverage is calculated as profit before interest and tax for the year divided by the finance costs for the year.
- (5) Gross profit margin is calculated based on gross profit for the year divided by revenue for the year and multiplied by 100%.
- (6) EBITDA margin, a non-HKFRS measure, is calculated based on EBITDA for the year divided by revenue for the year and multiplied by 100%.

For details, see the section headed “Financial Information—Key Financial Ratios” in this [REDACTED].

SUMMARY OF MATERIAL RISK FACTORS

Our operations involve certain risks, some of which are beyond our control. Some of the risks generally associated with our business and industry include: (i) any economic slowdown or decrease in general economic activities may result in weakness and volatility in our end markets and adversely affect on our business, results of operations, financial condition, and prospects; (ii) significant fluctuations in the rental prices of leased equipment may adversely affect our business; (iii) our performance is subject to seasonality; (iv) our operating lease services depends on whether we can maintain or increase the utilization rate of our equipment, and we may not be able to lease our equipment on favorable terms; (v) fierce competition of the equipment operation service industry may adversely affect our business and financial condition and we may not be able to compete successfully against existing and new competitors; and (vi) we may not be able to maintain, expand or optimize our nationwide service outlet network.

These risks are not the only significant risks that may affect the value of our Shares. You should carefully consider all of the information set forth in this [REDACTED] and, in particular, should evaluate the specific risks set forth in “Risk Factors” in deciding whether to invest in our Shares.

SUMMARY

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the [REDACTED] is completed and [REDACTED] Shares are issued and sold in the [REDACTED]; (ii) the [REDACTED] is not exercised; and (iii) [REDACTED] Shares are issued and outstanding upon completion of the [REDACTED].

	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]	Based on an [REDACTED] of HK\$[REDACTED] per [REDACTED]
Market capitalization of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited pro forma adjusted net tangible asset value per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation is based on [REDACTED] Shares expected to be in issue immediately upon the completion of the [REDACTED].
- (2) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in "Unaudited Pro Forma Financial Information" in Appendix II to this [REDACTED].

DIVIDENDS

No dividends have been paid or declared by our Company during the Track Record Period. Shanghai Horizon Construction Development declared dividends of RMB14.3 million to one of our non-controlling equity shareholders in 2019, which was settled in cash in 2020. Our Board may declare dividends in the future after taking into account our results of operations, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and Cayman Companies Law. In addition, our Directors may from time to time pay such interim dividends on shares outstanding of our Company and authorize payment of the same out of the funds of our Company lawfully available. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the discretion of our Board.

[REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this [REDACTED]), will be approximately HK\$[REDACTED], after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

SUMMARY

Assuming the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this [REDACTED]), we intend to use the [REDACTED] of the [REDACTED] for the following purposes.

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to strategically expand our service outlet network to enhance our service capabilities;
- approximately [REDACTED]%, or HK\$[REDACTED], will be used to optimize our equipment portfolio;
- approximately [REDACTED]%, or HK\$[REDACTED], will be used to enhance our one-stop solution capabilities;
- approximately [REDACTED]%, or HK\$[REDACTED], will be used to enhance our operational efficiency through digitalization upgrade; and
- approximately [REDACTED]%, or HK\$[REDACTED], will be used for our working capital and general corporate purposes.

To the extent that the [REDACTED] are not immediately applied to the above purposes or if we are unable to effect any part of our future development plans as envisaged, we intend to hold such funds in short-term demand deposits with licensed banks in Hong Kong and/or the PRC for so long as it is deemed to be in the interests of our Company and our Shareholders as a whole.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately RMB[REDACTED] (including [REDACTED]) and assuming the [REDACTED] is not exercised. This constitutes around [REDACTED]% of the [REDACTED] from the [REDACTED], which includes [REDACTED]-related expenses (including but not limited to [REDACTED] and fees) of RMB[REDACTED] and non-[REDACTED]-related expenses of RMB[REDACTED] (which includes fees and expenses for legal advisors and accountants of RMB[REDACTED] and other expenses of RMB[REDACTED]). For the year ended December 31, 2020, 2021 and 2022, approximately RMB[REDACTED], RMB[REDACTED] and RMB[REDACTED], respectively, were charged to our consolidated statements of profit or loss as administrative expenses. After December 31, 2022, approximately RMB[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately RMB[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

SUMMARY

EFFECTS OF THE COVID-19 PANDEMIC

The outbreak of COVID-19 in China in the first quarter of 2020 and resurgence of COVID-19 cases in certain major cities across China throughout 2022 have led to the imposition of various pandemic mitigation measures by the PRC Government, including lockdown, suspension of construction work, travel bans and strict social distancing and quarantine measures. As a result, most of our business operations were adversely affected during the relevant periods and we temporarily closed some of our service outlets as we were unable to carry a large portion of our operating lease services and engineering and technical services as planned. Whilst the duration of the official restrictions on construction varied across cities in the PRC due to the differences in local rules and regulations, our customers from our operating leases services segment and engineering and technical services segment requested for a halt in the provision of engineering services for about 45 days in the first quarter of 2020 and/or a suspension of our operating leases with them in the first quarter of 2020 and from time to time throughout 2022. Save for our customers with aerial work platform operating leases, as most of them requested for a suspension for about one month. We had also given some discounts to certain customers. Despite such effects, due to the long-term nature of such construction projects undertaken by our customers, and the relatively short period of business suspension, our Directors confirm that there had not been any major termination of contracts or material delays in relation to the equipments or services provided by us. Moreover, we benefited from government relief of social security payments for employment support relating to the COVID-19 pandemic amounted to approximately RMB27.9 million in 2020. China began to modify its zero-COVID policy in late 2022, and most of the travel restrictions and quarantine requirements were lifted in December 2022. With the bounce back of China's economy, our business operations has resumed to normal. For details, see "Business—Effects of the COVID-19 Pandemic—Effects of the COVID-19 Outbreak on Our Business Operations".

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

We seized the massive opportunities of major infrastructure upgrades with comprehensive, multi-dimensional, and full-cycle service capabilities. With the continuous expansion in our geographical coverage in China and customer base, our operating scale has further expanded and our operational efficiency has been further enhanced. Based on our unaudited management accounts, subsequent to the Track Record Period, our Group has experienced promising financial performance growth, and our business has remained positive. This also supported our continuous efforts to increasing our service outlet network and volume of equipment for our operating leases services. To the best of our knowledge, since December 31, 2022 (being the date on which the latest consolidated financial information of our Group was prepared) and up to the date of this [REDACTED], there has been no material adverse change in our business operations, the business environment in which we operate, as well as our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

SUMMARY

Recent Regulatory Developments

Cybersecurity

On November 14, 2021, the Cyberspace Administration of China (the “CAC”) released the “Regulations on Network Data Security Management (Draft for Comment)” (the “**Draft Regulations**”) (《網絡數據安全管理條例(徵求意見稿)》). The Draft Regulations, among other things, stipulates that (i) data processing operators which possess personal information of more than one million individuals seeking a listing in a foreign country, and (ii) data processing operators seeking a listing in Hong Kong that affect or may affect national security, must apply for a cybersecurity review.

On January 4, 2022, the CAC, together with 12 other relevant PRC government authorities, promulgated the amended “Cybersecurity Review Measures” (《網絡安全審查辦法》), which came into effect on February 15, 2022 and repeals the previous version promulgated on April 13, 2020. The amended Cybersecurity Review Measures (the “**Measures**”) provide cybersecurity review requirements on (i) critical information infrastructure operators (“**CIIOs**”) purchasing network products and services that affect or may affect national security, (ii) online platform operators carrying out data processing activities that affect or may affect national security, and (iii) online platform operators possessing personal information of more than one million users seeking a listing in a foreign country.

The “Protection Regulations on the Critical Information Infrastructure” (《關鍵信息基礎設施安全保護條例》) (the “**Protection Regulations**”), which were promulgated by the State Council and became effective on September 1, 2021, provide that protection work departments are responsible for organizing the identification of critical information infrastructure (“**CII**”) within their industries and sectors and notifying operators about the identification results. As of the Latest Practicable Date, we have not received any notification from protection work departments regarding our identification as a CIIO. Given the fact that we have not been identified as a CIIO, as advised by our PRC Legal Advisers, the obligation for CIIOs to proactively apply for cybersecurity review shall not be applicable to us as of the Latest Practicable Date.

While the Measures provide no further explanation or interpretation for “listing in a foreign country”, as advised by our PRC Legal Advisers, given the fact that, as of the Latest Practicable Date, we had processed personal information of less than 200,000 persons (which was significantly less than the “one million” threshold), as well as the differentiation made by Article 13 of the Draft Regulations which clarifies that “listing in a foreign country” does not include “listing in Hong Kong”, the obligations under the Measures to proactively apply for cybersecurity review by an online platform operator seeking listing in a foreign country shall not be applicable to our [REDACTED] in Hong Kong.

SUMMARY

The Draft Regulations provide no further explanation or interpretation of “affect or may affect national security.” In addition, there remain uncertainties with respect to the interpretation and applicability of the criteria for determining the risks that “affect or may affect national security” based on the risk factors set out in Article 10 of the Measures. Due to the lack of further clarifications or detailed rules and regulations, there are uncertainties on how to determine whether a proposed listing by a company like us in Hong Kong affects or may affect national security or not, the PRC government authorities may have discretion in the interpretation and enforcement of these measures and regulations. We cannot preclude the possibility that we may need to conduct cybersecurity review. See “Business—Cybersecurity and Privacy.”

As of the Latest Practicable Date, the Draft Regulations have not been formally adopted, the final version of the Draft Regulations had not been issued and their anticipated adoption or effective date is subject to changes. As advised by our PRC Legal Advisers, if the Draft Regulations become effective in the current form, we do not foresee any material impediments for us to comply with the Draft Regulations in all material respects, on the basis that (i) as of the Latest Practicable Date, we have not been subject to any material administrative penalties, mandatory rectifications, or other sanctions by any competent regulatory authorities in relation to cybersecurity, data and personal information protection, nor have we been subject to or involved in any investigations, or received any inquiry, examination, warning, interview, or similar notice in such respect by any competent regulatory authorities; (ii) as of the Latest Practicable Date, there has been no material cybersecurity, data and personal information protection incident or infringement upon any third parties, or other administrative or legal proceedings, pending or, to the best of our knowledge, threatened against or relating to us; (iii) we have taken appropriate and necessary control mechanisms in our cybersecurity, data and personal information risk management processes, including without limitation, access control, encryption, backup, and emergency response mechanism and measures; and (iv) we will closely monitor the legislative and regulatory development in cybersecurity, data and personal information protection, and we will implement, maintain and continually improve our compliance practices to comply with regulatory and legal requirements in such respects, including, among others, the Draft Regulations, if implemented in their current form. Base on the foregoing and the fact that we have not received any objection to the [REDACTED] from relevant regulatory authorities, nor have we been involved in any investigation, official inquiry, examination, warning, or similar notice in such respect as of the Latest Practicable Date, our Directors are of the view that the Draft Regulations would not have an adverse and material impact on the [REDACTED], assuming the Draft Regulations are implemented in the current form.

SUMMARY

OVERSEAS OFFERING AND LISTING

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of the Overseas Securities Offering and Listing by Domestic Enterprises (《境內企業境外發行證券和上市管理試行辦法》) (the “Overseas Listing Trial Measures”) and relevant five guidelines, which will become effective on March 31, 2023. According to the Overseas Listing Trial Measures, PRC domestic enterprises that seek to offer and list securities in overseas markets, either in direct or indirect means (“Overseas Offering and Listing”), are required to fulfill the filing procedure with the CSRC and submit filing reports, legal opinions and other relevant documents. Specifically, following the principle of substance over form, if an issuer meets both of the following criteria, its overseas offering and listing will be deemed as indirect Overseas Offering and Listing by a PRC domestic enterprise: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their usual place(s) of residence located in mainland China. The Overseas Listing Trial Measures also requires subsequent reports to be submitted to the CSRC on material events, such as change of control or voluntary or forced delisting of the issuer(s) who have completed overseas offerings and listings. For more details, please refer to “Regulatory Overview—Overseas Offering and Listing”.

According to the Notice on Arrangements for Record Filing Administration of Overseas Offering and Listing of Domestic Enterprises and the relevant replies to questions by the CSRC officials which are both promulgated with the Overseas Listing Trial Measures simultaneously, (i) where, before March 31, 2023 (i.e. the effective date of the Overseas Listing Trial Measures), the PRC domestic enterprise’s application for its indirect Overseas Offering and Listing has been approved by the overseas regulatory authorities or overseas stock exchanges (for example, a hearing has been passed by the Stock Exchange) but has not completed indirect Overseas Offering and Listing, a six-month transition period from March 31, 2023 (the “Transition Period”) shall be allowed: if the PRC domestic enterprise does not need to re-perform the regulatory procedures for offering and listing with the overseas regulatory authorities or overseas stock exchanges and the PRC domestic enterprise completes the Overseas Offering and Listing within the Transition Period, it will not be required to file with CSRC for this Overseas Offering and Listing; if the PRC domestic enterprise needs to re-perform the regulatory procedures for offering and listing with the overseas regulatory authorities or overseas stock exchanges (for example, a new hearing required by the Stock Exchange) or fail to complete Overseas Offering and Listing within the Transition Period, they shall file with the CSRC for this Overseas Offering and Listing; (ii) the PRC domestic enterprise which has submitted a valid application for Overseas Offering and Listing but has not yet obtained the consent of the overseas regulatory authorities or the overseas stock exchange before March 31, 2023 may make a reasonable time for submitting the filing application to the CSRC and shall complete the filing prior to its Overseas Offering and Listing.

SUMMARY

Our PRC Legal Advisers are of the view that the [REDACTED] shall be deemed as an [REDACTED]. If we can pass the hearing of the Stock Exchange on or before March 31, 2023 while no re-hearing is required by the Stock Exchange and the [REDACTED] can be completed on or before 30 September 2023, we will not be required to file with the CSRC with respect to the [REDACTED]. If we cannot pass the hearing of the Stock Exchange on or before March 31, 2023, or if we pass the hearing of the Stock Exchange on or before March 31, 2023 but a re-hearing is required afterwards or we fail to complete the [REDACTED] on or before September 30, 2023, we will need to make the filing with the CSRC with respect to the [REDACTED]. In any event, we will perform the reporting obligations to the CSRC in the event of occurrence of material events after the [REDACTED] as required. For more details, please refer to "Risk Factors—The approval of the CSRC or other governmental authorities may be required in connection with the [REDACTED], and, if required, we cannot predict whether we will be able to obtain such approval".