You should consider carefully all the information set forth in this document and, in particular, should consider the following risks and special considerations in connection with an investment in our Company before making any investment decision in relation to the [REDACTED]. The occurrence of any of the following risks may have a material adverse effect on the business, results of operations, financial conditions and future prospects of our Group. Additional risks not currently known to us or that we now deem immaterial may also harm us and affect your investment.

This document contains certain forward-looking statements regarding our plans, objectives, expectations and intentions which involve risks and uncertainties. Our Group's actual results could differ materially from those discussed in this document. Factors that could cause or contribute to such differences include those discussed below as well as those discussed elsewhere in this document. The trading price of the [REDACTED] could fall due to any of these risks, and you may lose all or part of your investment.

We believe that there are certain risks involved in our operations, many of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business and industry; (ii) risks relating to conducting business in the PRC; (iii) risks relating to the [REDACTED]; and (iv) risks relating to the statements in this document. You should consider carefully our business and prospects in light of the challenges we face, including the ones discussed in this section.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Risks relating to our business

Our business and future growth are subject to the performances of the PRC property market and the PRC property developers.

As a private general contracting construction enterprise in the PRC, our growth potential is, and will continue to be, affected by the performances of the PRC property market and the PRC property developers in general. Any property market fluctuation in the PRC generally or, in particular, in the provinces where our business is focused may affect the development of the PRC construction market and hence result in a decline in the demand of our services. The regulations evolve from time to time in relation to the PRC property industry. For example, with the introduction of "three red lines" policy in late 2020 in the PRC, which provides certain financing criteria for property developers in the PRC, a number of property developers were caught in a serious capital chain rupture and had defaulted on their debt obligations in 2021. In 2023, some property developers in the PRC faced financial difficulties and struggled to fulfill their debt obligations and required extension on their debt payments. According to the data published by the National Bureau of Statistics of China, from January to July 2023, the investment in property development was approximately RMB6,771.7 billion, representing a year-on-year decrease of approximately 8.5%, of which the investment in residential buildings was approximately

RMB5,148.5 billion, representing a year-on-year decrease of approximately 7.6%. The decrease in the investment in property development may affect the demand of our services, which in turn may affect our results of operation and financial position. Further, the amount of new home sales by the Top 100 property developers in July 2023 was approximately RMB350.4 billion, representing a decrease of approximately 33.1% as compared to that of in July 2022, according to data published by China Real Estate Information Corporation. The weak new home sales of properties could lead to significant cash flow issues for property developers, making it more difficult for property developers to raise funds and complete their housing projects and enhancing the risk of default in debt obligations should the financial performance of the property developers continue to deteriorate. In the event that the downturn in the PRC property market continues, our business, results of operations and financial position may be materially and adversely affected.

Customer Group A was a group of property developers in the PRC. According to announcement published by the holding company of Customer Group A, since the beginning of 2023, the sales of properties of the holding company of Customer Group A and its subsidiaries have been under remarkable pressure and recorded significant decrease in contracted sales during the period from January to September 2023 as compared to the same period in 2021 and 2022, resulting in a tight liquidity position. Subsequent to the Track Record Period, its sales and financing continued to face significant challenges and its available funds continued to decrease, and thus its liquidity position remained under significant pressure. It had not made a due payment under certain of its indebtedness and expected that it will not be able to meet all of its offshore payment obligations when due or within the relevant grace periods. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the contract assets due from Customer Group A was approximately RMB157.0 million, RMB168.0 million, RMB125.0 million and RMB79.9 million, representing approximately 23.8%, 20.2%, 11.9% and 8.1% of our contract assets as at 31 December 2020, 2021 and 2022 and 30 June 2023, respectively. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the trade receivables due from Customer Group A was approximately RMB56.5 million, RMB85.9 million, RMB23.7 million and RMB26.6 million, representing approximately 24.9%, 31.1%, 12.3% and 20.0% of our trade receivables as at 31 December 2020, 2021 and 2022 and 30 June 2023, respectively. We cannot assure that we will be able to recover the contract assets and trade receivables in full or on time from Customer Group A or other customers who are property developers in the PRC. Should the financial performance of Customer Group A or other customers who are property developers in the PRC deteriorates, they could struggle to fulfil their payments to us. Any material delay in payment or non-payment by any of our customers could adversely affect our financial position, results of operations and cash flow.

Our revenue is mainly derived from projects that are not recurring in nature and we are subject to the risks associated with competitive tendering process.

During the Track Record Period, all of our revenue were made on project basis and the projects were non-recurring in nature. We do not have long-term commitments with our customers and it is probable that our major customers may vary from year to year. Furthermore, for the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, approximately

51.2%, 50.3%, 58.1% and 59.2% of our revenue were generated from projects secured through tendering. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, we submitted 2,918, 4,318, 3,293 and 1,642 tenders, respectively, and our tender success rates were approximately 1.5%, 1.0%, 0.9% and 1.1%, respectively. Our Directors believe that irrespective of the market condition, competition in tendering for construction works is inevitable and can be fierce. Our ability to secure contracts out of our tenders is critical to our success and sustained business growth. There is no guarantee that we will be able to achieve our past or any higher success rates in tendering contracts after the [REDACTED] or that we will be able to secure new contracts from our existing or new customers. In the event that we are unable to succeed in our competitive tenders or maintain business relationships with our existing customers, our revenue and results of operations will be adversely affected.

During the Track Record Period, our Group experienced an increase in trade receivables and trade receivables turnover days and any delays or defaults of progress payments and/or release of retention monies by our customers from both public and private sectors may expose our Group to considerable credit risk.

Our working capital, future operations and cashflow largely depend on the timely settlement of the payments by our customers. Our construction projects generally take 1 month to 3 years to complete the required construction work depending on the scale and complexity of the project. Moreover, even after we have completed the work required, the process of the settlement audit as well as the internal procedure for our customers to settle their payments to us may take some time to complete. Therefore, it may take a period of time for us to receive the corresponding payments for our construction work and it may in turn affect our working capital and cash flow position. If we experience late payments from our customers, our trade and bills receivables and our average trade receivables turnover days will increase. Moreover, according to the data published by the MOF, the local government debt amounted to approximately RMB37.8 trillion in June 2023. The general public budget income of PRC local governments in 2022 amounted to approximately RMB10.9 trillion, representing a decrease of approximately 2.1% as compared to 2021, and the general public budget expenditure of PRC local governments in 2022 amounted to approximately RMB22.5 trillion, representing an increase of approximately 6.4% as compared to 2021. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, our revenue derived from the public sector projects amounted to approximately RMB807.8 million, RMB578.2 million, RMB846.4 million and RMB291.5 million, respectively, representing approximately 60.7%, 42.9%, 61.4% and 58.8% of our total revenue, respectively. Given the contribution of our customers from the public sector on our revenue during the Track Record Period, if the fiscal conditions of the PRC local governments deteriorates, they may delay the settlement of payments to us, or, reassess or adjust the future budget on construction works and engage in less construction works, and thus our operating results and financial condition may be adversely affected.

As at 31 December 2020, 2021 and 2022 and 30 June 2023, our Group recorded trade receivables (net of allowance for impairment of trade receivables) of approximately RMB219.3 million, RMB268.5 million, RMB187.4 million and RMB127.6 million, respectively. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, our trade receivables turnover days were approximately 43.6 days, 68.1 days, 62.2 days and 59.5 days, respectively. For further details, please refer to the section headed "Financial information — Discussion on selected items of consolidated balance sheet — Trade and bills receivables" of this document.

Trade receivables pose credit risks to our Group. In particular, a high amount or high concentration of trade receivables to a few customers may expose our Group to higher risks of collecting trade receivables in full or on time. There is no assurance that we will be able to collect all trade receivables from our customers, in full within the agreed credit term or at all. Any material delay in payment or non-payment by our customers could adversely affect our financial position, results of operations and cash flow.

We incurred, and recorded reversal of, impairment losses on financial assets and contract assets during the Track Record Period. Any further, or reversal of, impairment losses on financial assets and contract assets may cause volatility in our financial results.

For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2022, our net impairment losses on financial assets and contract assets amounted to approximately RMB26.8 million, RMB5.1 million, RMB1.3 million and RMB7.3 million, respectively. For the six months ended 30 June 2023, we recorded reversal of impairment losses on financial assets and contract assets of approximately RMB4.3 million. Our net impairment losses on financial assets and contract assets represent the expected credit losses on our contract assets, trade receivables and other receivables. The expected loss rates are determined based on the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institutions, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. For details, please refer to the section headed "Financial information — Discussion on selected items of consolidated income statement — Net impairment losses on financial assets and contract assets" in this document. Any change in our assumptions for measurement of expected credit loss may result in further, or reversal of, impairment losses on financial assets and contract assets, and may cause volatility in our financial results.

We recorded net cash used in operating activities during the Track Record Period, which may expose us to certain liquidity risks and could constrain our operational flexibility. If our Group persistently records net cash outflow from operating activities in the future, our liquidity and financial condition may be materially and adversely affected.

For the year ended 31 December 2020 and 2021 and the six months ended 30 June 2023, we recorded net cash used in operating activities of approximately RMB24.0 million, RMB61.1 million and RMB4.8 million, respectively. The net cash used in operating activities for the year ended 31 December 2020 was mainly attributable to (i) the increase in contract assets of approximately RMB246.9 million; and (ii) the increase in trade and bills receivables of approximately RMB141.0 million, partially offset by (i) the increase in trade and other payables of approximately RMB278.3 million; and (ii) the operating profit before working capital changes of approximately RMB49.3

million. The net cash used in operating activities for the year ended 31 December 2021 was mainly attributable to (i) the increase in contract assets of approximately RMB170.7 million; and (ii) the increase in trade and bills receivables of approximately RMB44.0 million, partially offset by the increase in trade and other payables of approximately RMB163.5 million. The net cash used in operating activities for the six months ended 30 June 2023 was mainly attributable to the decrease in trade and other payables of approximately RMB171.7 million, partially offset by (i) the decrease in trade and bills receivables of approximately RMB87.2 million; (ii) the decrease in contract assets of approximately RMB55.5 million; and (iii) the decrease in deposits, other receivables and prepayments of approximately RMB16.5 million.

We cannot assure you that we will not experience negative net operating cash flows in the future. Our future liquidity, ability to make necessary capital expenditures, the payment of trade and other payables, as and when they become due, will primarily depend on our ability to maintain adequate cash inflows from our operating activities and adequate external financing. Our ability to generate adequate cash inflows from operating activities may be affected by our future operating performance, prevailing economic conditions, our financial, business and other factors, many of which are beyond our control. Also, we may not be able to renew or refinance our bank borrowings or secure additional external financing on a timely basis or on acceptable terms, or at all. The occurrence of any of the foregoing may cause us not to have sufficient cash flow to fund our operating costs and constrain our operational flexibility and, in that event, our business, financial condition and results of operations could be adversely affected.

Our cash flows may deteriorate due to potential mismatch in time between receipt of progress payments from our customers, and payments to our subcontractors and suppliers.

We engage subcontractors to provide labour services and specialised construction services on a project-by-project basis. We also procure various raw materials including concrete and steel and lease equipment and machinery to perform our construction works. As such, we would record significant cash outflow in the event that we take up substantial projects during a particular period of time.

We rely on cash inflow from our customers to meet our payment obligations to our suppliers. Our cash inflow is dependent on prompt settlement of progress payments and timely release of retention monies by our customers. There can be no assurance that our customers will settle our invoices on time and in full. In addition, approximately 3% to 5% of the final settlement value will be retained by our customers as retention money and will be returned to us upon expiration of the defects liability period. There can be no assurance that such retention money will be released by our customers to us on a timely basis and in full upon expiration of defects liability period.

Accordingly, the cash outflow to make payments for procuring raw materials, equipment and machinery and subcontracting may not align with the progress payments to be received. As such, if our customers fail to make timely payment or are in default in making payment or if there is a lapse in time between our receipt of payments from our customers and our payments due to our suppliers, our results of operations would be adversely affected our cash flows and financial positions. For further details, please refer to the section headed "Financial information — Discussion on selected items of consolidated balance sheet — Trade and bills receivables" and "Financial information — Liquidity and capital resources — Cash flows" of this document.

We are subject to recoverability of our contract assets and our construction business is subject to a relatively long cash conversion cycle.

Our contract assets represent our rights to receive consideration from customers when the measure of such rights exceeds the measure of our performance obligations under the contracts. Our contract assets are transferred to trade receivables when our rights to receive consideration become unconditional which usually occurs when we bill our customers. Our construction business is affected by the recoverability of our contract assets and is subject to a relatively long cash conversion cycle.

Our contract assets (net of allowance for impairment of contract assets) increased from approximately RMB637.7 million as at 31 December 2020 to approximately RMB803.8 million as at 31 December 2021, increased to approximately RMB1,019.9 million as at 31 December 2022 and then decreased to approximately RMB967.5 million as at 30 June 2023. Such increases are primarily due to (i) the construction works we conducted for several large-scale projects during the relevant year which had yet to be certified by the customers as at the relevant year/period, (ii) the increase in the quantity of work required for projects undertaken by us which had yet to be certified by the customers; and (iii) the accumulated contract assets for several ongoing large-scale projects. For further details, please refer to the section headed "Financial information — Discussion on selected items of consolidated balance sheet — Contract assets" in this document. Therefore, we may continue to experience such slow billing of contract assets and a relatively long cash conversion cycle in the future, which in turn could affect our results of operations and financial position.

If we are unable to perform our contracts with customers and unable to fulfil our obligation in respect of contract liabilities, our financial position and results of operations may be adversely affected.

We may receive advance payment from our customers for providing construction services on a case-by-case basis, giving rise to contract liabilities. As at 31 December 2020, 2021 and 2022 and 30 June 2023, our contract liabilities amounted to approximately RMB43.2 million, RMB14.9 million, RMB21.9 million and RMB20.8 million, respectively. For further details, please refer to the section headed "Financial information — Discussion on selected items of consolidated balance sheet — Contract liabilities" in this document. If we fail to fulfil our obligations under our contracts with customers, we may not be able to convert such contract liabilities into revenue, and our customers may also require us to refund the payments we have received, which may adversely affect our cash flow and liquidity position and our ability to meet our working capital requirements and in turn, our financial position and results of operations.

Our business could be affected by any adverse impact on the business of our Group's customers.

Our business is affected by the demand of our customers for our construction services and our customers' ability to settle our invoices on time and in full. The business of our customers may be affected by any adverse impact or changes of business or financing environments or change of laws and regulations in their industries. Such adverse impact or changes may affect their business plans and financial positions and their ability to settle our invoices on time and in full, which may in turn adversely affect our financial performance and results of operation.

Our Group determines our tender price based on the our pricing policy, and the actual costs incurred may exceed our estimations due to unexpected circumstances, thereby adversely affect our operations and financial results.

Substantially all of our revenue are derived from contracts, with prices being determined with reference to our tenders and substantially agreed to at the time when we submit a tender. Since we are generally responsible for all of our project costs, we have to bear a majority of the risk of cost fluctuations and our ability to achieve our target profitability in any project is largely dependent on our ability to accurately estimate and control these costs.

However, the actual costs incurred in completing a project may be affected by a variety of factors beyond our control, including adverse weather conditions, shortage and cost escalation of raw materials and labour, changes in project scope or customers' requests or orders, accidents, changes in regulatory requirements, and other unforeseen circumstances. Although some of our contracts provide for pricing adjustments if certain specified events occur, these adjustment provisions may not adequately protect us in the event of a cost overrun. Any of these can result in the actual time and costs incurred in completing a project exceeding our initial estimation. During the Track Record Period, we recorded loss in 10 construction projects and the aggregate amount of losses was approximately RMB2.2 million. For further details, please refer to the section headed "Business — Our projects — Loss-making project during the Track Record Period" in this document.

There is no assurance that the actual costs incurred in completing a project will not exceed our initial estimation during the actual implementation of a project. If we fail to accurately estimate the costs required to complete our projects, or if the actual costs exceed our estimated costs and the price adjustment provision in the relevant contract does not or is not adequate to cover the additional costs, we may achieve a lower profits on our projects or may even incur losses, which may materially and adversely affect our results of operations and financial condition.

Backlog is subject to unexpected adjustments and cancelations and, therefore, may not be indicative of our future results of operations.

Backlog represents an estimate of the remaining aggregate contract sum of our construction projects as at a certain date. The contract sum of a project represents the amount that we expect to receive under the terms of the contract, assuming the contract is performed in accordance with its terms. Backlog is not a measure defined by generally accepted accounting principles and may not be indicative of future results of operations. For details, please refer to the section headed "Business — Our projects — Backlog and new contract sum" in this document. As at 30 June 2023, our aggregate backlog was approximately RMB1,462.8 million. However, this figure is based on the assumption that our relevant contracts will be performed in full in accordance with their terms. The termination or modification of any one or more major contracts may have a substantial and immediate effect on our backlog. However, we cannot guarantee that the amount estimated in our backlog will be realised in full, in a timely manner, or at all, or that, even if it is realised, such backlog will result in profits as expected. As a result, you should not rely on our backlog information as an indicator of our future earnings.

We experienced net losses in the past and may not be able to achieve or maintain profitability in the future.

We have incurred net losses historically and may incur losses in the future as we grow our business. We recorded net loss of approximately RMB4.4 million for the six months ended 30 June 2022. Such loss was primarily attributable to (i) the administrative expenses of approximately RMB19.0 million for the period, of which approximately RMB11.2 million was staff costs and approximately RMB3.3 million was non-recurring [REDACTED] incurred during the period; and (ii) the impairment losses on financial assets and contract assets of approximately RMB7.3 million incurred during the period, partially offset by the increase in our revenue. Our ability to achieve profitability is affected by various factors, many of which are beyond our control, including developments in the macroeconomic and regulatory environment, changing government policies, changing competitive dynamics, as well as our ability to respond to these changes in a timely and effective manner. If we are unsuccessful in addressing any of these risks and uncertainties, our business and our ability to achieve profitability in the future may be materially and adversely affected.

The amount of revenue that we are able to derive from a project may be different from the contract value due to factors such as variation orders.

During the project execution phase, our customers may place variation orders for additional, modification or cancellation of certain construction works from time to time. Please refer to the section headed "Business — Customers, sales and marketing — Salient terms of typical sales agreements with our customers" in this document for further details. Accordingly, the aggregate amount of revenue that we are able to derive from a project may be different from the contract value specified in the relevant contract of the project. As such, there is no assurance that the amount of revenue generated from our projects will not be substantially different from the contract value 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.

We had a thin profit margin during the Track Record Period and we may not be able to maintain historical profit margins in the future.

For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, we recorded gross profit margin of approximately 5.0%, 5.3%, 5.7% and 5.8% and 5.8%, respectively. Our gross profit margin are dependent on a number of factors, including but not limited to, the scope and complexity of works, the stages of construction, our cost control and management, timing and recognition of cost and revenue in different construction stages and the outcome of the negotiation on the value of variation orders or final accounts with our customers. For details, please refer to the paragraph headed "Financial Information — Discussion on selected items of consolidated income statement — Gross profit and gross profit margin" in this document. It could also be affected by a number of factors, such as acts of God, natural disasters, epidemics or pandemics, which are outside of our control. Therefore, we may not be able to maintain historical profit margins in the future, resulting in adverse effect on our financial condition and results of operations.

Our business operations depend on the expertise and continuing performance of our key management personnel and there is no assurance that our Group can hire and retain them.

Our success and growth depend on our ability to identify, hire, train and retain suitable, skilled and qualified employees, including management personnel with the requisite industry expertise. Our executive Directors and senior management are important to us in particular in areas such as, tender preparation, construction project management, customer relationship management, as well as satisfying the licensing requirements. We rely on the management and leadership of Mr. Sang, who is our Chairman and executive Director, and Mr. Xian, who is our executive Director and Chief Executive Officer. Mr. Sang and Mr. Xian established our Group in June 2017 and are both responsible for our Group's strategic planning and supervision of implementation of our Group's policies. In addition, we also rely on our Group's senior management in our daily operations. Details of the expertise and experience of our executive Directors and senior management are set out in the section headed "Directors and senior management" in this document.

There is no assurance that our Group can retain the continuous services of our executive Directors and other members of senior management. If we cannot retain their continuous services in the management of our Group and we are not able to find suitable replacements in a timely manner, there could be an adverse and material impact on the business, results of operation and profitability of our Group.

We may incur impairment losses on other receivables.

We recorded other receivables of approximately RMB7.8 million, RMB10.5 million, RMB39.7 million and RMB7.4 million as at 31 December 2020, 2021 and 2022 and 30 June 2023, respectively. Our other receivables mainly comprised tender deposits provided at the time of bidding our target projects, guarantee deposits provided when we successfully bid on a construction project, bank deposits restricted for use under court orders and amounts due from other third parties. We made an allowance for impairment of other receivables of approximately RMB42,000, RMB95,000, RMB2.4 million and RMB2.2 million as at 31 December 2020, 2021 and 2022 and 30 June 2023, respectively. However, we may need to change our assumptions for measurement of expected credit loss due to any changes or uncertainties in the macroeconomic conditions, which could result in future impairment losses on other receivables. Any impairment losses on other receivables may have a material and adverse effect on our financial condition and results of operations.

As we engage subcontractors in our works, unsatisfactory performance by our subcontractors may possibly affect our profitability and operation.

We engage subcontractors to provide specialised construction services on a project-by-project basis. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the specialised construction subcontracting costs amounted to approximately RMB217.0 million, RMB131.1 million, RMB167.6 million and RMB45.1 million, respectively, representing approximately 17.2%, 10.3%, 12.9% and 9.6% of our total cost of revenue, respectively. Subcontracting may expose us to risks associated with non-performance, delayed performance or sub-standard performance by our subcontractors. Even though we subcontract our works to subcontractors, we are ultimately responsible to our customers for the works completed by our subcontractors. As a result, if our subcontractors are not properly supervised, we may experience deterioration in the quality or delivery of our works and incur additional costs due to managing and supervising subcontractors' performance, and remedying the delays, defects or sub-standard materials, equipment, or services caused by the subcontractors. Such events could impact on our profitability, financial performance and reputation, or result in litigation or damage claims.

If our subcontractors violate any laws, rules or regulations in relation to health, safety and environmental matters, we may expose ourselves as an obligor to prosecutions by relevant authorities, and may become liable to claims for losses and damages. In the event that there is any violation, whether substantial or minor in nature of any laws, rules or regulations, occurred at sites for which we are responsible, our operations and hence our financial position may be adversely affected.

We rely on workers provided by our labour subcontractors in the PRC and our business operations may be materially and adversely affected by the qualification, work performance and availability of such workers.

During the Track Record Period, we engaged labour subcontractors in the PRC as our subcontractors to carry out the labour works involved in our project implementation. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the labour subcontracting costs amounted to approximately RMB386.6 million, RMB403.4 million, RMB409.9 million and RMB126.8 million, respectively, representing approximately 30.6%, 31.6%, 31.6% and 27.1% of our total cost of revenue, respectively.

We may face difficulties in completing our projects if we do not have sufficient workers. There is no assurance that the works undertaken by them will be completed in a timely manner or of satisfactory quality. If the workers fail to complete their works on time or if their works are not of acceptable quality, we may need to incur additional costs to engage other workers to complete the works or undertake remedial works, which may materially and adversely affect our results of operations and our reputation in the industry. There is also no assurance that we will be able to engage alternative labour subcontractors on commercially acceptable terms or at all.

Our results of operations may be significantly affected by changes in the prices and availability of raw materials.

We are vulnerable to fluctuations in market prices and the availability of our raw materials. The principal raw materials used in our construction projects include concrete and steel (rebar and sheet pile). During the Track Record Period, raw material costs is the largest component in our Group's cost structure. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, raw material costs accounted for approximately 46.7%, 49.2%, 47.4% and 52.5% of our total cost of revenue, respectively.

The prices of raw materials depend on a variety of factors beyond our control, including global financial conditions, economy and related regulations and policies. During the Track Record Period, we did not experience any shortage of raw materials or any significant increase in raw materials costs that resulted in a significant delay in our project schedule or a material decrease in our profits. However, we cannot guarantee that we will be protected from a shortage or increased costs of raw materials in the future, or that our project schedule or profitability will not be negatively affected as a result. If we experience a shortage, we may be forced to procure raw materials at higher cost. As a result, our profit margins may decrease and our results of operations may be materially and adversely affected.

Project delays may result in substantial liabilities, which may materially and adversely affect our cash flow position and financial condition.

We are generally required to complete a project according to a fixed schedule by an agreed date as stated in the relevant contract. If we fail to complete a project in accordance with the schedule, we may be liable to compensate our customer for losses or damages caused by such delay. Any delay in the completion of a project, whether or not caused by us, may also lead to additional costs being incurred, including costs to hire additional workers and to provide temporary storage for raw materials.

There is no assurance that we will not experience delays in completing our projects in the future. Any failure on our part to complete a project in a timely manner may result in not only substantial liabilities on and financial loss to our Group, but also negative publicity and a deterioration of our corporate image and reputation in the industry and our business, results of operations and financial condition may be materially and adversely affected.

In addition, as we typically receive payment under our contracts in stages, any delay in the completion of a project may postpone our receipt of anticipated payments, which may have a material adverse effect on our cash flow position.

We may incur costs in relation to the retention monies offered to our customers.

We may incur costs in relation to retention monies offered to our customers. We are responsible for rectifying quality defects, which may incur costs, in our construction projects. The defects liability period generally ranges from six months to five years, depending on the type of construction services provided. Retention fees retained by our customers are generally approximately 3% to 5% of the contract price. The retention money will generally be returned to us upon expiration of the defects liability period. During the Track Record Period, we collected the majority of the retention fees retained by our customers pursuant to the contract terms as they became due. There can be no assurance, however, that we will not be required to rectify quality defects for our construction projects or will recover all or any of the amounts retained by customers for warranty purposes in the future. If we are responsible for rectifying quality defects in our construction projects or are unable to recover a significant proportion of the amounts retained by our customers as retention fees, our future business, financial condition and results of operations may be materially and adversely affected.

Non-renewal of, or delay in obtaining, licences, qualifications and permits may have a material adverse effect on our business operations.

It is a pre-requisite for us to obtain certain licences, qualifications and permits from various governmental or regulatory authorities in order to conduct and carry on our business operations. For further details, please refer to the section headed "Business — Licences, qualifications and permits" in this document. However, these licences, qualifications and permits are subject to periodic review and renewal by the relevant governmental or regulatory authorities and our continued compliance with certain standards and requirements.

There is no assurance that we will be able to renew or that we will not experience any delay in obtaining all necessary licences, qualifications and permits in the future. Non-renewal of, or delay in obtaining, any necessary licences, qualifications and permits may prevent us from undertaking or carrying on certain types of projects or works, which may disrupt our business operations and may have a material adverse effect on our business, results of operations and financial condition.

Our construction business is subject to seasonality.

We normally record lower sales during first half of a year as construction and business activities are less active during long Chinese New Year holiday. As such, our operating results in the first half of a year are generally lower than the second half of a year. Hence, prospective investors should be aware of this seasonal fluctuation when making any comparison of our operating results. Also, we may experience cost increases or delays when conducting our business operations during particular seasons. Therefore, our operating business, results and financial condition may fluctuate from period to period.

The outbreak of epidemic or other severe communicable disease could adversely affect our Group's financial positions and results of operations.

Our business could be materially and adversely affected by widespread epidemic or other communicable disease such as Severe Acute Respiratory Syndrome (SARS), Middle East Respiratory Syndrome (MERS), H5N1 flu, H7N9 flu, H1N1 flu and Ebola virus. Our operations could also be disrupted if any of our employees were suspected of contracting or contracted an epidemic disease, since this could require us to quarantine some or all of our employees and disinfect the buildings or sites. Moreover, the outbreak may also result in shortage of raw materials and labour and may cause temporary suspension of our construction projects which may result in the delay of our construction projects. In addition, the outbreak may also severely affect and restrict the level of economic activity as the government may impose regulatory or administrative measures quarantining affected areas or other measures to control or contain the outbreak of the severe communicable diseases. Any economic downturn and travel restrictions as a result of severe communicable diseases may result in delay in payment from our customers and/or termination of projects. Should any such events occur, our financial positions and results of operations may be adversely affected. During the Track Record Period, some of our construction projects had encountered suspension due to the outbreak of the epidemic. For further details, please refer to the section headed "Summary — Recent development" in this document.

Our business operations are subject to adverse weather conditions, severe air pollution, natural disasters and other operating hazards.

Most of our construction services are conducted outdoors and may be materially and adversely affected by adverse weather conditions and severe air pollution. For example, we may experience significant project delays caused by inclement weather, such as protracted periods of precipitation or extreme temperatures. We may also temporarily halt certain construction projects subject to severe air pollution. These situations could result in our inability to meet key milestones set forth in our construction contracting contracts, and cause us to incur additional costs. In addition, natural disasters and other operating hazards, such as earthquakes, floods, typhoons, landslides or fire, may interrupt our construction projects. Substantial damage to our projects caused by any of these events or the resulting disruptions, technical or mechanical difficulties or sourcing difficulties could be costly and time-consuming to repair and may disrupt our operations. Moreover, we could be forced to suspend or abandon our construction projects, which may cause us to incur additional costs and experience delays in the schedule of our construction projects. Any significant delay or interruption could impair our ability to meet our contractual obligations and cause us to be liable for damages or cause our customers to cancel orders, any of which could negatively affect our reputation, business and results of operations.

Successful implementation of our business strategies and future plans are subject to uncertainties.

We plan to achieve our business growth by implementing a series of strategies, such as continued investments in our projects, strengthening our budget management and cost control, recruiting talent and purchasing construction equipment and machinery. Please refer to the sections headed "Business — Business strategies" and "Future plans and [REDACTED]" for further details. There is no guarantee that we will be able to implement any of our business strategies and future plans successfully, which in turn are subject to uncertainties and changing market, economic and political conditions. Our plans for development and business expansion are formulated based on assumptions on the occurrence of certain future events, which may or may not materialise. We may also not have timely access to adequate capital financing when suitable business opportunities arise. Furthermore, there is also no assurance that any of our business strategies will yield the benefits or achieve the level of profitability we anticipate. The profit from our implemented plans may not be sufficient to justify the start-up expenses and the increased operating costs.

Our risk management and internal control systems may not fully protect us against various risks inherent in our business.

We have established risk management and internal control systems consisting of the relevant organisational framework policies, risk management policies and risk control procedures. These systems are designed to help us manage our risk exposures, primarily our operational risk, legal risk and liquidity risk. However, we may not be successful in implementing our risk management and internal control systems. While we seek to continue to enhance our risk management and internal control systems from time to time, we cannot assure you that our risk management and internal control systems are adequate or effective notwithstanding our efforts. Any failure to address any potential risks and internal control deficiencies could materially and adversely affect our business, financial condition and results of operations.

Since our risk management and internal control systems depend on their effective implementation by our employees, we cannot assure you that all of our employees will adhere to such policies and procedures, and the implementation of such policies and procedures may involve human error. We are unable to guarantee that our risk management and internal control systems will be effective in preventing the occurrence of corruption, bribery or other illegal activities. Moreover, our growth and expansion may affect our ability to implement stringent risk management and internal control policies and procedures as our business evolves. If we fail to timely adopt, implement and modify, as applicable, our risk management and internal control policies and procedures, our business, financial condition and results of operations could be materially and adversely affected.

Our insurance policies may not be sufficient to cover liabilities arising from claims and litigation and our insurance expenses may increase from time to time.

We have taken out insurance policies in line with industry practice to cover the risks associated with our business operations. However, there are certain types of risks, such as acts of gods, for which insurance coverage is generally not available on commercially acceptable terms or at all. There is no assurance that our current insurance coverage will be able to cover all types of risks involved in our business operations, or be sufficient to cover the full extent of losses, damages or liabilities arising therefrom. If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance coverage, we will have to bear all or a certain portion of such losses, damages or liabilities. In such circumstances, our business operations, results of operations and financial condition may be materially and adversely affected.

In addition, there is no assurance that our insurance expenses will not increase or that we will not be required by law to obtain additional insurance coverage in the future. Any further increase in insurance costs may materially and adversely affect our results of operations and financial condition.

Failure to make contributions to social insurance and housing provident funds in full as required by the PRC laws and regulations.

Pursuant to the relevant PRC laws and regulations, we are required to make, among other things, adequate contributions to social insurance and housing provident funds for our employees for all PRC subsidiaries of our Group. During the Track Record Period, we were not in strict compliance with the requisite requirements. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, the shortfall in social security contribution amounted to approximately RMB0.1 million, RMB1.2 million, RMB0.1 million and nil, respectively. Full provisions in the amount of approximately RMB0.6 million, RMB0.7 million, RMB0.1 million and nil, respectively, for the shortfall in housing provident funds have been made in our historical financial information during the Track Record Period. Accordingly, our Directors are of the view that sufficient provisions have been made for the underpaid housing provident fund contributions during the Track Record Period. As advised by our PRC Legal Advisers, with respect of the failure to make adequate social insurance, we may be subject to a late payment fee equals to 0.05% of the shortfall amount calculated daily starting from the date the relevant social insurance funds become payable. If we fail to make such payments within a stipulated period, we may be liable to a fine of one to three times of the shortfall amount. And, with respect to the failure to make adequate housing provident fund contribution, housing provident fund management centre may require us to make the overdue payment and deposit within a prescribed time limit, failing which it may seek court order against us and to collect the outstanding housing provident fund contributions. For further details, please refer to the section headed "Business — Legal and compliance matters" of this document. There is no assurance that there will not be any employee complaint against us in relation to our failure to make full social insurance and housing provident fund contributions. Moreover, there is also no assurance that we will not be ordered to rectify such incidents or subject to penalties imposed by the relevant PRC authorities as a result of such incidents. Any such complaints, orders or penalties may have an adverse effect on our financial conditional and results of operations. If the relevant PRC authorities determine that we shall make adequate social insurance and housing fund contributions or that we are subject to fines and legal sanctions in relation to our failure to make social insurance and housing fund contributions in full for our employees, our business, financial condition and results of operations may be adversely affected.

We may be subject to fines due to the lack of registration of our lease agreements.

Pursuant to the Measures for Administration of Lease of Commodity Properties (商品房屋租賃管理辦法), which was promulgated by MOHURD on 1 December 2010 and became effective on 1 February 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. As at the Latest Practicable Date, 11 of our lease agreements had not been registered. We may be required by relevant government authorities to file these lease agreements for registration within a time limit, and may be subject to a maximum fine of RMB10,000 for each lease agreement which in aggregate amounted to RMB110,000 for the 11 unregistered lease agreements.

We may face challenges by third parties with respect to property ownership, which may expose us to potential financial loss and negatively affect our ability to use the properties that we lease.

As at the Latest Practicable Date, for five of our leased properties, we have not been provided by the lessors with the relevant ownership certificates or any other documentation proving their right to lease those properties to us. As advised by our PRC Legal Advisers, in the event that our lessors are not the owners of the properties and they have not obtained consents from the owners or their lessors, our leases could be invalidated. If this occurs, we may have to renegotiate the leases with the owners or other relevant parties who have the right to lease the properties, and the terms of the new leases may be less favourable to us. Moreover, we may become involved in disputes with the property owners or third parties who otherwise have rights to or interests in our leased properties. We can provide no assurance that we will be able to find suitable replacement sites on terms acceptable to us on a timely basis, or that we will not be subject to material liability resulting from third parties' challenges on our use of such properties.

We may not be able to adequately protect our intellectual property rights and may be exposed to third-party claims of infringement or misappropriation of intellectual property rights.

As at the Latest Practicable Date, our Group had registered 42 patents and six trademarks in the PRC and Hong Kong while five patents applications and one trademark application were under review in the PRC. We cannot assure you that the steps we have taken to protect and safeguard our intellectual property rights are adequate or that our property rights will not be infringed by any third party in the future. We may resort to legal proceedings in order to protect and enforce our intellectual property rights and the legal fees and expenses involved in such proceedings can be substantial. Furthermore, the diversion of resources and our management's effort and attention in addressing such intellectual property claims may significantly affect our business performance and hinder our business development.

In addition, we may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. Two of our registered trademarks in the PRC with registration numbers 28909077 and 28932098 (the "**Similar Trademarks**") are legally registered with the relevant governmental agencies in the PRC in January 2019. As advised by our PRC Legal Advisers, we have the legal right to use such Similar Trademarks. However, the Similar Trademarks are very similar to the ones used by other construction companies in the PRC and Hong

Kong. Once we became aware that we may be exposed to intellectual property infringement by using the Similar Trademarks, to avoid any such infringement, trademark confusion and adverse effect on our operation, we ceased using the Similar Trademarks in or around October 2019. As at the Latest Practicable Date, we only used our registered trademarks except the Similar Trademarks in our operation. Therefore, as advised by our PRC Legal Advisers, the likelihood of exposure to intellectual property infringement litigation incurred by the similarity of the Similar Trademarks and the ones used by the other construction companies in the PRC and Hong Kong is remote, and it would not be reasonably expected to have a material adverse effect on the operation of our Group. We cannot be certain that our operations or any aspects of our business do not or would not infringe upon or otherwise violate any intellectual property rights held by third parties. There could also be existing intellectual property of which we are not aware that our operations and business may inadvertently infringe. The defence of intellectual property lawsuits, patent opposition proceedings and related legal and administrative proceedings can be costly and time consuming. An adverse judgment in any such proceedings may result in substantial liability on us. In addition, we may be required to obtain licences from third parties at a substantial cost. In these circumstances, our reputation, financial condition and results of operations may be materially and adversely affected.

All of our onshore subsidiaries had not paid up their registered capital fully or partially which is required to be paid up by the shareholders in advance in the event of dissolution or insolvency of the onshore subsidiaries.

As at the Latest Practicable Date, all of our onshore subsidiaries had not paid up their registered capital fully or partially, which amounted to approximately RMB215 million in aggregate. Pursuant to the articles of association of the respective subsidiaries, (i) approximately RMB99 million, in aggregate, of the registered capital of the relevant subsidiaries are required to be paid up by the years of 2033, 2040, 2041, 2050 and 2060 respectively (as the case may be); and (ii) the remainder of approximately RMB116 million is to be paid up as determined by their respective shareholder(s) with reference to the actual business need of the relevant subsidiaries. As advised by our PRC Legal Advisers, amongst others, (i) each shareholder of our Group's onshore subsidiaries shall be liable to such company to the extent of their subscribed capital; (ii) in the case of a dissolution or an insolvency of any of our Group's onshore subsidiaries, its shareholder(s) might be required to pay up its relevant unpaid capital contributions in advance. Please refer to the section headed "History, Reorganisation, and corporate structure — General" in this document for further details.

We may experience failures in our information technology systems.

Our information technology systems may be subject to risks associated with computer viruses, hardware and software failures, telecommunications failures, power outages, fires, natural disasters and other similar events. Any information systems failure will interrupt our operations and additional time and costs will be incurred for restoring the information lost or damaged. We cannot guarantee that all information lost or damaged could be fully restored and if any of such information which is critical to our business operations could not be restored, our operations may be adversely affected.

Risks relating to our industry

Our businesses and future growth are subject to macroeconomic conditions in the PRC, particularly Guangdong Province and Henan Province, which are beyond our control.

Our business and future growth depends on the growth of the construction industry in the PRC, particularly in the Guangdong Province and Henan Province where our business is focused, which in turn depends on the relevant regulations and policies in the PRC. For example, the Thirteenth Five-Year Plan is introduced to promote the reconstruction of dilapidated houses in rural areas, accelerate the shantytowns transformation and indemnificatory housing construction, accelerate the construction of trunk road system and branch road system in urban central areas and promote the construction of transportation infrastructure. For the years ended 31 December 2020, 2021 and 2022 and the six months ended 30 June 2023, our revenue generated from construction projects in the Guangdong Province and Henan Province in aggregate amounted to RMB1,330.2 million, RMB1,297.1 million, RMB1,268.5 million and RMB457.7 million, respectively, accounting for 99.9%, 96.4%, 92.0% and 92.3% of our total revenue, respectively. According to the Frost & Sullivan Report, the nominal GDP in China increased from approximately RMB91.9 trillion in 2018 to approximately RMB121.0 trillion in 2022, growing at a CAGR of approximately 7.1%. The output value of construction industry in China has reached RMB31.2 trillion in 2022, representing a CAGR of approximately 8.4% over the 5-year period from 2018 to 2022. However, our revenue may be affected by the PRC economy or construction spending. In addition, as we derived a majority of our revenue from the Guangdong Province during the Track Record Period, demand for our services in Guangdong Province is subject to the local economy. Our ongoing projects, in which we have invested significant resources and capital, may be put on hold or stopped if economic conditions deteriorate, and we may be unable to collect payments and recover our costs.

We face intense competition in our industry, and failure to compete effectively may cause us to lose market share.

The PRC construction industry is highly fragmented though the leading construction enterprises in the PRC are primarily SOEs. According to the Frost & Sullivan Report, in terms of construction revenue in the PRC in 2022, private construction enterprises accounted for approximately 35.2% market share. In terms of construction revenue among all private construction enterprises in 2022, the top five private construction enterprises accounted for approximately 4.2% market share. Some of our competitors may have longer operating histories, stronger capital resources, larger customer bases, stronger customer relationships, greater brand name recognition, greater financial, technical, marketing and public relations resources, or offer a wider range of services than we do. As a result, some of our competitors may be better positioned than we are to develop superior services and products or to adapt to market trends. Our competitiveness depends on our record of timely project delivery and wide range of high-quality services and products, as well as innovation and technological capabilities. Competitive pressures may require us to reduce our prices or increase our costs and may adversely affect our profit margins. Our failure to compete effectively could materially and adversely affect our business, financial condition, results of operations and market position.

We are exposed to environmental liabilities and may have to incur significant capital expenditure if additional or more onerous laws and regulations are passed in relation to environmental protection.

Our business operations are subject to a number of environmental protection laws, regulations, policies and standards in the PRC, including, the Law on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法) and the Law on the Prevention and Control of Environmental Noise Pollution (中華人民共和國噪聲污染防治法). In the event that we fail to comply with or meet the applicable environmental protection laws, regulations and policies, we may be subject to substantial fines or penalties, required to take remedial measures, or ordered to suspend our business operations, which may in turn have a material and adverse effect on our business operations, results of operations and financial condition.

We are also subject to laws, regulations or policies as amended from time to time. Any amendment to these laws, regulations or policies may require us to incur substantial financial or other resources to adjust the manner in which we carry out our works, introduce new preventive or remedial measures, purchase new pollution control equipment, and update our compliance and monitoring systems to ensure compliance with such amended laws, regulations, policies or standards. Failure to ensure compliance in a timely manner or at all may result in substantial penalties or fines and our business operations may be disrupted, thus materially and adversely affecting our results of operations and financial condition.

Our operations are subject to inherent operational risks and occupational hazards, which could cause us to incur substantial costs, damage to reputation and loss of future business.

Construction sites are potentially dangerous workplaces and our construction projects routinely place our employees, workers and others in close proximity with heavy duty construction equipment and machinery, moving motor vehicles, highly regulated and volatile materials, and chemical processes. Despite our implementation of safety policies and standardised construction methods and technologies, we continue to be subject to risks surrounding these activities, such as equipment failure, industrial accidents, geological catastrophes, fire and explosions. These hazards may cause personal injury or fatalities, as well as damage to or destruction of property and equipment. During the Track Record Period, we recorded one fatal accident in connection with occupational safety relating to our subcontractor. For details of the fatal accident, please refer to the section headed "Business — Occupational health and safety — Fatal accident relating to our specialised construction subcontractor". We cannot guarantee that material workplace accidents will not occur in the future despite our safety policies and measures. Even if such accidents were not caused by our fault or negligence, such accidents may still cause us to incur substantial costs, damage to our reputation and loss of future business, which may materially and adversely affect our business, financial position and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Our business is affected by changes in China's economic, political or social conditions or government policies.

Our business, assets and operations are mainly located in China, and therefore, our business, financial condition, results of operations and prospects are affected to a large extent by the general political, economic and social developments in China, in particular the construction industry. Similar to many other countries and regions, China regulates its economy through imposing and adjusting industrial, fiscal or monetary policies from time to time. Our business has been and would continue to be affected by China's economy, which in turn is increasingly influenced by the global economy. The uncertainties in the global economy and the geo-political or social environment in various regions around the world would continue to influence China's economic growth and may cause uncertainties in our prospects. Future changes in economic, political, social, and regulatory conditions may continue to influence our business, financial condition, results of operations and prospects.

Regulations on currency conversion and changes in the exchange rate between RMB and other currencies could negatively affect our financial condition, operations and our ability to pay dividends.

The conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. As we may convert our revenue in RMB into other currencies to meet our foreign currency obligations, such as payments of dividends on our Shares,there is no assurance that we will have sufficient foreign exchange to meet these requirements. Our PRC subsidiaries are subject to the PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of RMB into foreign currencies. Foreign invested enterprises are required to apply for Foreign Exchange Registration Certificates.

Under relevant PRC foreign exchange laws and regulations, payment of current account items, including profit distributions and interest payment are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. Approval from appropriate government authorities may be required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses in accordance with applicable PRC laws and regulations.

Distribution and transfer of funds may be subject to regulations under the PRC law.

Our Company is a holding company incorporated in the Cayman Islands and does not have any business operations other than investments in the subsidiaries. Our Company relies entirely on the dividend payments from our subsidiaries.

Under the PRC laws, dividends from our subsidiaries in the PRC may only be paid out of distributable after-tax profit, less any recovery of accumulated losses and allocations to statutory funds which are not available for distribution as cash dividends. Any distributable profit that are not distributed in a given year will be retained and made available for distribution in subsequent years. The calculation of distributable profit under PRC accounting principles is different in many respects from Hong Kong accounting principles.

Distributions by our subsidiaries in the PRC to our Company may be subject to relevant regulations and policies. These regulations and policies may affect our ability to pay dividends to our Shareholders. Any transfer of funds from our Company to our subsidiaries in the PRC, either as a shareholder loan or as an increase in registered capital, is subject to registration and/or approval granted by certain authorities. These regulations and policies on the free flow of funds between our Company to our subsidiaries in the PRC could influence our ability to act in response to changing market conditions in a timely manner.

PRC tax law may affect tax exemptions on dividends received by our Company and Shareholders and increase our enterprise income tax rate.

Our Company is incorporated under the laws of the Cayman Islands and holds interests in our PRC subsidiaries through a number of subsidiaries incorporated in BVI and Hong Kong. According to the EIT Law and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法實施條例), if our Company is deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to our Company, unless our Company is entitled to reduction or elimination of such tax, including by tax treaties. Under the Arrangement between the Mainland and HKSAR for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), such dividend withholding tax rate is reduced to 5% if a Hong Kong tax resident enterprise owns over 25% of equity interest in the PRC company distributing the dividends. According to the Notice on the Issues Concerning the Application of the Dividends Clauses of Tax Treaties* (關於執行稅收協定股息條款有關問題的通知) issued by SAT on 20 February 2009, the direct shareholding proportion of such corporate recipients of dividends distributed by the PRC enterprises must satisfy the minimum requirement under the tax treaty at all times during the 12 consecutive months preceding the receipt of the dividends. Any new evolution of PRC tax law affecting tax exemptions on dividends may reduce the amount of dividends that could be distributed to our Company and Shareholders.

In addition, the EIT Law provides that, if an enterprise incorporated outside the PRC has its "de facto management organisation" located within the PRC, such enterprise may be recognised as a PRC tax resident enterprise and thus may be subject to statutory enterprise income tax at the rate of 25% on its worldwide income. Substantially all members of our management are located in the PRC, we may be deemed as a PRC tax resident enterprise and therefore subject to a statutory enterprise income tax rate of 25% on our worldwide income, excluding the dividends received directly from another PRC tax resident. As a result of these changes described above, our historical operating results will not be indicative of our operating results for future periods and the value of the Shares will be adversely affected.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, their market price may be volatile and an active trading market in our Shares may not develop.

Prior to [REDACTED], there is no [REDACTED] for our Shares. The [REDACTED] of, and the permission to deal with, our 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 revenue, earnings and cash flows, strategic acquisitions made by our Group or our competitors, loss of key personnel, litigation, fluctuations in the market prices for our services in the PRC, the liquidity of the market for our Shares, the general market sentiment regarding the construction industry could cause the market price and trading volume of our Shares to change substantially. In addition, both the market price and liquidity of our 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].

Future sales, or market perception of sales, of substantial amounts of our Shares in the public market, including any future [REDACTED], could have a material adverse effect on the market price of our Shares and make it difficult for you to recover the full value of your investment.

The market price of our Shares could decline as a result of future sales of substantial amount of our Shares or other securities relating to our Shares in the public market, or the issuance of new Shares or other securities relating to our Shares, or the perception that such sales or issuance may occur. Future sales, or perceived sales, of substantial amount of our Shares could materially and adversely affect the market prices of our Shares and may also materially and adversely affect our ability to raise capital in the future. In addition, our Shareholders would experience dilution in their holdings upon our issuance or sale of additional securities in future [REDACTED].

Investors for our Shares may experience dilution if we issue additional Shares in the future.

If we issue additional Shares in the future, investors of our Shares in the [REDACTED] may experience further dilution in their ownership percentage. We may need to raise additional funds in the future to finance expansion of or new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of such Shareholders in our Company may be reduced or such new securities may confer rights and privileges that take priority over those conferred by our [REDACTED].

RISKS RELATING TO THE STATEMENTS IN THIS DOCUMENT

We cannot guarantee the accuracy of information and statistics with respect to certain information derived from various official government publications and other publicly available publications in this document.

Certain information and statistics in this document are extracted from various official government publications and other publicly available publications. The information from official government sources has not been independently verified by us, the Sole Sponsor, the [REDACTED], the [REDACTED], the [REDACTED], the [REDACTED], the Capital Market Intermediaries, any of our or their respective directors and advisers, or any other persons or parties involved in the [REDACTED], and no representation is given as to its accuracy.