Kong Shum Union Property Management (Holding) Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8181

港深

Listing by way of Placing

Sponsor

AmCap
Ample Capital Limited
豐盛融資有限公司

IMPORTANT

***If you are in any doubt** about any contents of this prospectus, you should obtain independent professional advice.*

Kong Shum Union Property Management (Holding) Limited
港深聯合物業管理(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED

BY WAY OF PLACING

Number of Placing Shares : 100,000,000 Placing Shares

Placing Price : Not more than HK$0.5 per Placing Share (payable in full upon application, plus brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, subject to refund) and expected to be not less than HK$0.3 per Placing Share

Nominal Value : HK$0.01 each

Stock Code : 8181

Sponsor

AmCap
Ample Capital Limited
豐盛融資有限公司

Lead Manager

AmCap
Ample Orient Capital Limited

Principal Sub-underwriter

CNI SECURITIES GROUP LIMITED
中國北方證券集團有限公司

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified under "Appendix V — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" to this prospectus, has been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies of Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Placing Price is currently expected to be fixed by an agreement between the Company and the Lead Manager (for itself and on behalf of the Underwriter) at or before 5:00 p.m. on 7 October 2013 (Hong Kong time) or such later date or time as may be agreed by the Lead Manager (for itself and on behalf of the Underwriter) and the Company. The Placing Price is currently expected to be not more than HK$0.5 per Placing Share and not less than HK$0.3 per Placing Share. The Lead Manager (for itself and on behalf of the Underwriter) may reduce the indicative Placing Price range stated in this prospectus at any time prior to 7 October 2013. In such a case, a notice of the reduction of the indicative Placing Price range will be published on the GEM website at **www.hkgem.com** and the Company's website at **www.kongshum.com.hk**. If, for any reason, the Placing Price is not agreed between the Company and the Lead Manager (for itself and on behalf of the Underwriter), the Placing will not become unconditional and will lapse.

Prospective investors of the Placing Shares should note that the Underwriter is entitled to terminate its obligations under the Underwriting Agreement by notice in writing to the Company given by the Lead Manager (for itself and on behalf of the Underwriter) upon the occurrence of any of the events set out under the paragraph headed "Underwriting — Grounds for Termination" of this prospectus, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should the Lead Manager (for itself and on behalf of the Underwriter) terminate its obligations under the Underwriting Agreement in accordance with the terms of the Underwriting Agreement, the Placing will not proceed and will lapse.

Prior to making an investment decision, prospective investors should carefully consider all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

30 September 2013

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

Expected Price Determination Date *(Note 2)*	at or before 5:00 p.m. on 7 October 2013
Announcement of the determination of the Placing Price and the indication of interest level in the Placing to be published on the GEM website at **www.hkgem.com** and the Company's website at **www.kongshum.com.hk** on or before	10 October 2013
Allotment of Placing Shares on or before	10 October 2013
Despatch or deposit of Share certificates into CCASS on or before *(Note 3)*	10 October 2013
Dealings in Shares on GEM to commence at 9:00 a.m. on	11 October 2013

Notes:

1. In this prospectus, unless otherwise stated, all times and dates refer to Hong Kong local times and dates.

2. The Price Determination Date is scheduled on 7 October 2013 (or such later date as agreed between the Company and the Lead Manager (for itself and on behalf of the Underwriter)). If the Lead Manager (for itself and on behalf of the Underwriter) and the Company are unable to reach an agreement on the Placing Price on the Price Determination Date, the Placing will not become unconditional and will lapse immediately.

3. The Share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS on or before 10 October, 2013 for credit to the respective CCASS participants' or the CCASS investor participants' stock accounts designated by the Lead Manager (for itself and on behalf of the Underwriter), the placees or their agents, as the case may be. No temporary documents of title will be issued by the Company.

In the event of any change to the above expected timetable after the date of this prospectus, an announcement will be made on the GEM website accordingly. All Share certificates will only become valid certificates of title of the Shares which they relate provided that the Placing has become unconditional in all respects and the Underwriting Agreement has not been terminated in accordance with its terms at or before 8:00 a.m. (Hong Kong time) on the Listing Date.

CONTENTS

You should rely only on the information contained in this prospectus to make your investment decision.

The Company, the Sponsor, the Lead Manager and the Underwriter have not authorised anyone to provide you with information that is different from what is contained in this prospectus.

Any information or representation not made in this prospectus must not be relied on by you as having been authorised by the Company, the Sponsor, the Lead Manager, the Underwriter, and any of their respective directors, officers, employees, agents or representatives or any other party involved in the Placing.

*The contents on the website at **www.kongshum.com.hk** which is the official website of the Company do not form part of this prospectus.*

CONTENTS

Page

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Placing Shares.

There are risks associated with investment in companies listed on GEM. Some of the particular risks in investing in the Placing Shares are set out in the section headed "Risk Factors" of this prospectus. You should read that section carefully before you decide to invest in the Placing Shares.

OVERVIEW

The Group is a property management services group principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties. The Group operates under the brand name of "Kong Shum" and provides a range of management services including security, repair and maintenance, cleaning, finance management, administrative and legal support. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned management services. The Group also employs a team of security staff to provide security services as part of the services provided under property management contracts or under stand-alone security services contracts. During the Track Record Period, the Group provided property security services for 30 properties under stand-alone security services contracts. The operating arm of the Group's security services is mainly Q&V. The Group hires its own security staff to provide property security services. The Group also employs registered technicians to provide basic repair and maintenance services to its customers if required. In relation to the cleaning services, the Group subcontracts substantially all of its cleaning services to third-party contractors.

Property Portfolio

The Group's property portfolio comprises of a range of different types of properties, namely, residential buildings, commercial buildings, commercial centres, dual residential and commercial buildings, industrial buildings, factories, schools and car parks. The category of residential properties forms the largest part of the Group's property portfolio, accounting for approximately 54% of the total number of properties managed by the Group throughout the Track Record Period. Non-residential properties and dual residential and commercial properties take up approximately 14% and approximately 30% respectively of all properties managed by the Group as at 31 March 2013. The table below sets out the categories of properties to which the Group provided services as at 31 March 2012 and 2013:

Number of Properties Falling into Respective Categories

	As at 31 March 2012	Percentage *(approximate)*	As at 31 March 2013	Percentage *(approximate)*
Residential properties	216	54.8%	219	54.2%
Non-residential properties	56	14.2%	56	13.9%
Dual residential/commercial properties	117	29.7%	120	29.7%
Others	5	1.3%	9	2.2%
	394	100.0%	404	100.0%

Note: Please refer to the notes on page 73 under the paragraph headed "Overview" in the section headed "Business" of this prospectus for the above categorisation.

The total number of units managed by the Group increased slightly from approximately 68,400 units in March 2012 to approximately 72,000 units in March 2013.

The following table sets out the breakdown of the Group's revenue by property type during the Track Record Period:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Private properties:		
Residential development	96,166,450	101,154,822
Non-residential development *(Note)*	41,505,914	42,919,718
Dual residential/commercial development	67,554,700	72,906,998
Others	852,397	852,993
Public properties:		
Home Ownership Scheme	38,711,092	39,222,630
Public rental housing estate *(Note)*	30,605,491	25,592,663
School	367,800	342,902
Miscellaneous revenue	890,962	1,069,798
	276,654,806	284,062,524

Note: Please refer to the notes on page 74 under the paragraph headed "Overview" in the section headed "Business" of this prospectus for the above categorisation.

Below table sets out the analysis of the Group's revenue for the year ended 31 March 2013 classified by maturity of the underlying contracts by 31 March 2013:

Year(s) to maturity	**Year ended 31 March 2013**	
	HK$	*as a percentage of total revenue*
1 year or below or with no specified maturity date	206,299,138	72.6%
1 to 2 years (2 years inclusive)	60,193,627	21.2%
2 to 3 years (3 years inclusive)	3,199,678	1.1%
More than 3 years	11,797,068	4.2%
Terminated by 31 March 2013	1,566,215	0.6%
Miscellaneous income	1,006,798	0.3%
Total	284,062,524	100.0%

The Group's customers include owners' corporations, other entities such as sole owners, owners' committees and developers, and government bodies such as the Housing Authority and the Education Bureau. Owners' corporations accounted for over 90% of the total number of the Group's customers as at 31 March 2012 and 2013. Please refer to pages 96 to 99 under the paragraph headed "Customers" in the section headed "Business" of this prospectus for details.

Revenue

For the year ended 31 March 2012 and 2013, all of the Group's revenue was derived from its operation in Hong Kong. For each of the year ended 31 March 2012 and 2013, the Group derived revenue of approximately HK$260.7 million and HK$266.7 million respectively from property management services contracts, representing approximately 94.2% and 93.9% of its total revenue. The

Group derived revenue of approximately HK$16.0 million and HK$17.4 million from stand-alone security services contracts for each of the year ended 31 March 2012 and 2013 respectively, representing approximately 5.8% and 6.1% of its total revenue.

The Group's revenue improved slightly by approximately 2.7% from approximately HK$276.7 million for the year ended 31 March 2012 to approximately HK$284.1 million for the year ended 31 March 2013. The increase was primarily attributed to the growth of revenue generated from property management services contracts, increasing by around 2.3% to approximately HK$266.7 million for the year ended 31 March 2013. Revenue generated from security services contracts also recorded an increase of around 8.8% to approximately HK$17.4 million for the year ended 31 March 2013.

Subcontractor

The Group provides a range of property management services including security, repair and maintenance and cleaning pursuant to the services contracts with customers. Save for cleaning services, most of these services are provided by the Group's own staff. The Group outsources substantially all of the cleaning services to third-party subcontractors for property management contracts that include provision of cleaning services. The Group engaged 70 and 55 subcontractors for each of the year ended 31 March 2012 and 2013 respectively. For cleaning services, the scope and level of services varies from one property to another, and a separate subcontracting agreement is entered into between the Group and the selected subcontractor for each such property. The salient terms of these subcontracting agreements generally provide that the respective subcontractor is responsible for the relevant supplies, cleaning tools, equipment, cleaners' salary and insurance, and that the agreement can be terminated by either party by serving 7 days' written notice.

Major Shareholders

Topgrow is a company incorporated in the BVI with limited liability in November 2001. After completion of the Capitalisation Issue and the Placing, it will beneficially own 75% of the entire issued share capital of the Company. Topgrow is owned as to 60% by Mr. Ho Ying Choi and 40% by Mr. Ho Ying Cheung respectively. The Group was founded by Mr. Ho Ying Cheung and the then other shareholders in 1984. Mr. Ho Ying Choi joined KSU as a director in 1992. Please refer to the section headed "History, Reorganisation and Corporate Structure" of this prospectus for the shareholding changes and structure of the Group.

Property Management Industry

The property management industry in Hong Kong is fragmented and is characterised by a large number of operators. The entry barriers and set up costs are relatively low as no substantial investment in equipment or other fixed assets are generally needed. According to the Key Statistics on Business Performance and Operating Characteristics of the Building Construction and Real Estate Sectors in 2011 issued by the Census and Statistics Department, there were 561 establishments in the real estate maintenance management industry in 2011. According to the information published in the website of The Hong Kong Association of Property Management Companies Limited, as at 1 January 2012 there were at least 13 property management entities that managed more than 20,000 units of residential and dual residential/commercial properties each. Considerable market share is seized by some major property management companies in Hong Kong.

According to the Hong Kong Annual Digest of Statistics 2012, as at 31 March 2011 there were approximately 2,571,000 permanent living quarters (excluding non-domestic quarters) in Hong Kong. As at the same date, the Group managed about 331 residential and dual residential/commercial developments, with approximately 64,000 residential or domestic units in aggregate. On this basis, the Group had a market share of approximately 2.5% in terms of the number of residential or domestic units managed by the Group in Hong Kong. Please refer to the notes on page 47 under the paragraph headed "Market size of the property management industry" in the section headed "Industry Overview" of this prospectus for definitions and methodology of this calculation.

Staff cost and statutory minimum wage

During the Track Record Period, the majority of the Group's customers adopted fixed sum contracts. Under a fixed sum contract, all direct staff costs involved in the management of a property are borne by the property management company. The property management company is paid a fixed fee which covers the relevant costs and the manager's remuneration. In some property management contracts and security services contracts, there are provisions specifying that the Group as a property management company/manager should be paid for its additional staff cost incurred as a result of implementation of any laws on statutory minimum wage. Most of the Group's contracts with customers can be terminated by either party giving one to three months' written notice (six months written notice is required in a few services contracts). If the statutory minimum wage or the market wage increases, the Group may terminate the existing contract and renegotiate a new contract for higher service fee in the absence of an adjustment of staff wage clause. Although some service agreements between the Group and its customers allow the Group to automatically adjust the service fees for the additional salary and relevant staff cost which falls short of the revised statutory minimum wage, in practice the Group renegotiates the service fees with the customers to determine the mutually accepted service and remuneration package to maintain or enhance relationships with customers.

On 1 May 2011, the statutory minimum wage was implemented for the first time in Hong Kong and was dictated at HK$28.00 per hour. The implementation of statutory minimum wage affected both the staff cost and revenue of the Group for the year ended 31 March 2012. The salary payment for the Group's security staff and technicians has increased by approximately 32.1% between April 2011 and May 2011. The Group's total staff costs (excluding directors' remuneration) have increased from approximately HK$178.2 million for the year ended 31 March 2011 to approximately HK$234.7 million for the year ended 31 March 2012. Meanwhile, the Group's revenue also experienced a considerable increment by approximately 19.3%, from approximately HK$19.3 million in April 2011 to HK$23.1 million in May 2011, mainly due to the upward adjustment of contractual service fees after renegotiation with customers.

The minimum wage was revised to HK$30.00 per hour on 1 May 2013. The average remuneration of the Group's security staff and technicians has increased from approximately HK$28.4 per hour in April 2013 to approximately HK$30.2 per hour in May 2013, with approximately 6.7% increment. The salary payment for the Group's security staff and technicians has increased by approximately 9.0% between April 2013 and May 2013. Meanwhile, the Group's revenue has also increased by approximately 11.0% for the four months ended 31 July 2013 as compared with the four months ended 31 July 2012. It is anticipated that the Group's staff cost will increase for the year ending 31 March 2014.

COMPETITIVE STRENGTHS

The Directors believe that the Group's competitive strengths mainly lie in (i) a sound quality control and business process system; (ii) a wide customer base implying less reliance on any particular customer; and (iii) a professional management team with accredited qualifications and extensive experience.

REASONS FOR THE PLACING

The business objective of the Group is to further the growth of its property management business and increase its market share in order to strengthen its position as one of the major property management companies in Hong Kong. The Directors believe that the estimated net proceed from the Placing will help the Group to implement its business strategies as set out in the section headed "Business Objectives and Strategies" on pages 137 to 144 of this prospectus. In addition, the Directors expect that the Listing will bring the following benefits to the Company, its shareholders and stakeholders including the many residents of properties managed by the Group: (1) access to the capital market for future growth; (2) promotion of the Group as an active property management company in Hong Kong; (3) enhancement of transparency of the Group's operation; and (4) enhancement of loyalty and morale of the Group's employees and improvement of staff remuneration through granting of share option.

BUSINESS STRATEGIES

The business objective of the Group is to further the growth of its property management business and increase its market share by (i) penetrating into the property management market in old urban districts; and (ii) broadening its customer base in the non-residential segment in order to strengthen its position as one of the major property management companies in Hong Kong. The Group aims to achieve the objective through two principal business strategies: (a) implementation of the old district property management scheme; and (b) expansion of its property management portfolio. As regards the implementation of the old district property management scheme, since the Group has not commenced the promotion of the scheme to the general public, and the procurement of services by an owners' corporation must generally be approved at owners' general meetings pursuant to the Building Management Ordinance, the Group has not yet entered into any services contracts with customers.

You may refer to the section headed "Reasons for the Placing and Use of Proceeds" on pages 145 to 146 for details of the old district property management scheme and the Group's plan to expand its property management portfolio.

FINANCIAL INFORMATION

The following tables present the summary of the Group's financial information for the Track Record Period. You should read the following financial information in conjunction with the financial information included in the Accountants' Report set out in Appendix 1 to this prospectus, including the notes thereto.

Selected information from combined statements of comprehensive income

	For the year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Revenue	276,654,806	284,062,524
Cost of services	(230,199,393)	(231,763,752)
Gross profit	46,455,413	52,298,772
Profit before taxation	15,735,275	7,233,166
Profit for the year	13,941,024	5,569,448

Selected information from combined statements of financial position

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Non-current assets	3,937,266	8,880,952
Current assets	88,545,748	96,142,417
Current liabilities	73,943,134	84,016,238
Net current assets	14,602,614	12,126,179
Total assets less current liabilities	18,539,880	21,007,131
Non-current liabilities	88,545	556,340
Net assets	18,451,335	20,450,791

To illustrate the profitability of the Group's operation, certain non-recurring gain and expense items were excluded to arrive at the adjusted profit for the year as set out below.

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Profit for the year	13,941,024	5,569,448
Add:		
Loss on disposal of financial assets	—	123,653
Listing expense	—	4,321,350
Fair value loss on investment in trust funds	1,335,013	—
Less:		
Gain on disposal of property, plant and equipment	(2,526,254)	—
Gain on disposal of a subsidiary	(4,631,303)	—
Gain from foreign exchange contract transactions	(120,697)	(7,750)
Adjusted profit for the year	7,997,783	10,006,701

Margin Analysis

The following table sets forth the Group's gross profit, gross profit margin and net profit margin during the Track Record Period:

	Year ended 31 March	
	2012	**2013**
Gross profit (HK$)	46,455,413	52,298,772
Gross profit margin	16.8%	18.4%
Net profit margin	5.0%	2.0%

Gross profit and gross profit margin

The Group's gross profit increased by around 12.6% between the year ended 31 March 2012 and 2013. Such growth was driven by the increase in gross profit arising from property management services contracts of approximately 11.6% to approximately HK$49.6 million for the year ended 31 March 2013 as compared with the previous year. The growth in the gross profit from property management services contracts was due to the decrease in adjustment made to the provision for long service payment for the year ended 31 March 2013. The Group recorded an increase of approximately 33.3% in the gross profit arising from security services contracts between the year ended 31 March 2012 and 2013.

The overall gross profit margin and the gross profit margin of the property management services contracts increased by 1.6 percentage point between the two financial years. Due to sharp increase in wage of some staff following the implementation of statutory minimum wage, additional provision for long service payment was made for the year ended 31 March 2012. The growth in the gross profit margin from property management services contracts was mainly due to the decrease in adjustment for provision for long service payment charged as cost of services for the year ended 31 March 2013. The gross profit margin of the security services contracts also increased from approximately 12.6% to 15.5%, mainly due to the reduction in the actual working hours of security staff for some security services contracts and that a high-ranking security officer also resigned in May 2012.

Net Profit Margin

The Group's net profit margin has declined during the Track Record Period. The net profit margin for each of the two years ended 31 March 2012 and 2013 were 5.0% and 2.0% respectively. The higher net profit margin before interest and tax recorded for the year ended 31 March 2012 was attributable to the non-recurring gain such as the gain on disposal of property, plant and equipment of approximately HK$2.5 million and the gain of disposal of a subsidiary of approximately HK$4.6 million recognised in the year ended 31 March 2012. Besides, the Group incurred listing expenses of approximately HK$4.3 million for the year ended 31 March 2013. The income tax expense decreased by around 7.3% between the year ended 31 March 2012 and 2013 as the Group's profit before taxation has decreased considerably. The change in net profit margin is in line with the changes in net profit margin before interest and tax.

Financial performance for the year ending 31 March 2014

The estimated listing expenses, which are non-recurrent in nature, are approximately HK$15.6 million of which (i) approximately HK$5.1 million for the issue of new Shares is expected to be accounted for as a deduction from equity; and (ii) approximately HK$10.5 million has been/will be charged to the Group's profit and loss account prior to or upon completion of the Listing. Approximately HK$4.3 million has been incurred by the Group as listing expense for the Track Record Period. It is expected that the balance of approximately HK$6.2 million has been/will be charged to the Group's profit and loss account for the year ending 31 March 2014. Therefore, the Group's financial performance for the year ending 31 March 2014 is expected to be materially and adversely affected by the estimated expenses in relation to the Listing.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

After the Track Record Period, the statutory minimum wage was revised from HK$28.00 per hour to HK$30.00 per hour effective on 1 May 2013. The salary payment for the Group's security staff and technicians has increased by approximately 9.0% between April 2013 and May 2013. The average hourly remuneration of the Group's security staff and technicians has increased by approximately 6.7% between April 2013 and May 2013. Meanwhile, the Group's revenue has also grown by approximately 11.0% for the four months ended 31 July 2013 as compared with the four months ended 31 July 2012. Apart from the revision of minimum wage, the Directors are not aware of any other issues that materially affected the recent development of the property management industry.

Some unaudited financial information of the Group, including the Group's revenue for the four months ended 31 July 2013, information of the Group's net current assets and indebtedness as at 31 July 2013, is extracted from the Group's unaudited combined financial statements for the four months ended 31 July 2013 prepared by the Directors in accordance with the Hong Kong Accounting Standard 34 "*Interim Financial Reporting*" issued by the HKICPA, which were reviewed by the Reporting Accountants in accordance with the Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Hong Kong Institute of Certified Public Accountants.

Assuming that a Placing Price of HK$0.4 per Placing Shares (being the mid-point of the proposed price range), it is expected that the total listing expenses will be approximately HK$15.6 million, of which (i) approximately HK$5.1 million for the issue of new Shares is expected to be accounted for as a deduction from equity; and (ii) approximately HK$10.5 million has been/will be charged to the Group's profit and loss account prior to or upon completion of the Listing, out of which approximately HK$4.3 million has been incurred by the Group as listing expense in the Track Record Period and a further HK$0.6 million has been incurred up to 31 July 2013. Such cost is a current estimate for reference only, and the final amount to be recognised to the statement of comprehensive income of the Group or to be capitalised is subject to adjustment based on audit and the then changes in variables and assumptions.

MATERIAL ADVERSE CHANGE SUBSEQUENT TO 31 MARCH 2013

The Directors confirm that, save for the estimated listing expenses of approximately HK$6.2 million that has been/will be charged to the Group's profit and loss account subsequent to 31 March 2013 but prior to or upon completion of the Listing, there has been no material adverse change in the financial or trading position of the Group since 31 March 2013 (being the date to which the latest audited combined financial statements of the Group were made up) up to the date of this prospectus.

PLACING STATISTICS

	Based on the Placing Price of HK$0.30 per Share	Based on the Placing Price of HK$0.50 per Share
Market capitalisation *(Note 1)*	HK$120 million	HK$200 million
Unaudited pro forma adjusted combined net tangible assets per Share *(Note 2)*	HK$0.100	HK$0.147

Notes:

1. The number of Placing Shares and the calculation of the market capitalisation of the Shares are based on the enlarged issued capital of 400,000,000 Shares, being the aggregate number of Shares in issue as at the date of this prospectus and the number of Shares to be issued pursuant to the Placing and the Capitalisation Issue.

2. The unaudited pro forma adjusted net tangible asset per Share is determined after the adjustments as described in notes 1 to 3 as set out in Appendix II "Unaudited Pro Forma Financial Information" to this prospectus.

DIVIDEND

For the year ended 31 March 2012 and 2013, a member of the Group declared and settled dividends of approximately HK$26.7 million and HK$5.0 million respectively. There will be no assurance that the Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

USE OF PROCEEDS

Assuming that a Placing Price of HK$0.4 per Placing Share (being the mid-point of the proposed price range), the Group estimates that the net proceeds from the Placing will be approximately HK$24.4 million, after deducting the related underwriting fees and expenses payable in relation to the Listing. The Group intends to use the net proceeds from the Placing as follows:

Plan	Approximate % or amount of net proceeds
Repayment of bank loan	HK$10.5 million or 43.0%
Implementation of old district property management scheme	HK$6.0 million or 24.6%
Expansion of the property management portfolio	HK$7.9 million or 32.4%

You may refer to the section headed "Reasons for the Placing and Use of Proceeds" on pages 145 to 146 for further details.

IMPLICATIONS OF THE BUILDING MANAGEMENT ORDINANCE REQUIREMENTS

Pursuant to the Building Management Ordinance, the procurement of supplies, goods and services (including property management and security services) for the management of a building must generally be made by invitation to tender. The owners' corporation can dispense with the tendering requirement for renewal of existing contracts for supplies, goods and services if it decides by a resolution of the owners at a general meeting to renew the contract of an existing supplier or service provider on such terms and conditions specified in the resolution without tendering, if there is no change to the type of goods or services procured.

For the 401 services contracts in force as at 31 March 2013, 31 contracts were not renewed in strict compliance with the relevant requirements of the Building Management Ordinance as at 31 March 2013 (where applicable), and have not been properly renewed or rectified up to 31 July 2013. For each of the years ended 31 March 2012 and 2013, revenue of approximately HK$164.9 million and HK$36.6 million, or 59.6% and 12.9% of the Group's revenue was derived from contracts that were not renewed in strict compliance with the Building Management Ordinance respectively. Based on the Group's average net profit margin of approximately 5.0% and 2.0% for each of the years ended 31 March 2012 and 2013 respectively, the contribution of net profit from contracts that were not renewed in strict compliance with the Building Management Ordinance was approximately HK$8.2 million and HK$0.7 million respectively, representing approximately 59.6% and 12.9% of the Group's net profit for each of the years ended 31 March 2012 and 2013 respectively. Some owners' general meetings were convened to approve the continuing appointment of the Group as the property management company during the Track Record Period but the resolutions of the general meetings were not worded in a way that give sufficient details of the contracts renewed. Accordingly, the Directors consider the renewal requirements under the Building Management Ordinance were not fully complied with in such cases for prudence sake. Subject to order made by the Hong Kong court, these property contracts may be avoided, i.e. cancelled by the owners' corporation by passing a resolution of the owners at a general meeting of the owners' corporation, only for the reason that they do not comply with the statutory requirements. Unless and until the relevant service contract is cancelled by the owners' resolution at a general meeting of the owners, the service contract remains valid and enforceable, and each party is required to fulfill its obligations thereunder.

The Directors consider that there are two principal reasons for the non-compliance by the respective owner's corporation. Firstly, some of the members of the owners' corporations may not have full comprehension of the statutory procedural requirements under the Building Management Ordinance. Secondly, before the preparation for the Listing, the Group was only a private group and the management was pre-occupied with the development and growth of the Group's business operations. For the purposes of maintaining good business relationship with its customers, it did not demand the respective owners' corporations to strictly comply with the procedures stipulated under the Building Management Ordinance.

Pursuant to the services contracts between the Group and its customers, the customers may in general terminate the services contracts by serving one to three months written notice to the Group. Such business risk is not materially different from the risk that the service contract may be avoided, i.e. cancelled, by the owners' corporation by a resolution of the owners passed at a general meeting of the owners' corporation. Such cancellation of contract is not automatic and has to be initiated by the owners' corporation or owners of the corresponding property. As advised by the Directors, it is generally not practicable for the Group's customers to remove the Group as the property management company with immediate effect. There are also more procedural hurdles for the owners' corporations to remove a property management company by way of avoiding the service contract in accordance with the Building Management Ordinance comparing to simply giving written notice. Furthermore, none of the Group's contract was avoided by its customer who is an owners' corporation since the incorporation of the Group. On such bases, it is the view of the Directors that the "non-compliance" with the Building

Management Ordinance is unlikely to pose additional business risk to the Group and thus would have no operational or financial impact on the Group. Nevertheless, this is a risk involved in the Group's business.

Subject to the order made by the Hong Kong court, these services contracts may be avoided, i.e. cancelled by the owners' corporation by passing a resolution of the owners at a general meeting of the owners' corporation, only for the reason that they do not comply with the above requirements. If these services contracts are avoided by the owners in the general meeting, the Group's revenue stream and profitability would be adversely affected. You may refer to the risk factor headed "Contracts which were not renewed in compliance with the Building Management Ordinance requirements may be avoided, the Group's revenue stream and profitability would be adversely affected" on pages 19 to 20 under the section headed "Risk Factors" of this prospectus for further details.

You may refer to the paragraph headed "Implications of the Building Management Ordinance requirements" under the section headed "Business" on pages 102 to 108 for further details of the non-compliance with the Building Management Ordinance requirements.

The Group is not involved in any litigation, arbitration or claim of material importance during the Track Record Period and up to the Latest Practicable Date with respect to the above non-compliance of the Building Management Ordinance by the owners' corporation.

RISK RELATED TO LITIGIOUS CLAIMS

In carrying out its ordinary course of business, the Group may be subject to the risk of being named as a party in regulatory or legal actions, claims and disputes in connection with its business activities. Examples of such disputes include, but not limited to, disputes with property owners, disputes relating to the responsibilities of the Group under its management contracts or DMCs and breaches of the Building Management Ordinance, which may give rise to potential litigation.

The Group may also be subject to adverse employee relationships and the employees may initiate employment-related claims and contractual dispute claims. Furthermore, many people visit the Group's managed properties on a daily basis, hence there is a risk of people suffering injuries on these premises due to the negligence of the Group's employees or its subcontractors.

During the Track Record Period, the Group had been named as a defendant/respondent in certain personal injury claims arising out of its operations which may have material impact on the Group's business and/or financial position. Please refer to the paragraph headed "Litigation" under the section headed "Business" in this prospectus for further information.

RISK FACTORS

The Directors believe that there are certain risks involved in the Group's operation. The major risks are related to (i) non-compliance with the Building Management Ordinance requirements; (ii) implementation of old district property management scheme; (iii) breach of banking facility covenant; (iv) intense competition of the industry; (v) duration of contracts with customers; (vi) fluctuation of labour costs and labour turnover; (vii) uncertain standard of subcontractors; (viii) litigious claims from different parties; and (ix) reliance on key management personnel. You should carefully consider the risk factors set out in this prospectus before making a decision to invest in the Shares. Please refer to the section headed "Risk Factors" on pages 19 to 27 in this prospectus for further details.

In this prospectus, unless the context otherwise requires, the following expressions have the following meanings:

"Ample Capital"	Ample Capital Limited, a corporation licensed to carry on business in types 4, 6 and 9 regulated activities (advising on securities, advising on corporate finance and asset management) under the SFO, and the sponsor of the Listing
"Articles" or "Articles of Association"	the articles of association of the Company adopted on 19 September 2013 and as amended from time to time, a summary of which is set out in Appendix III to this prospectus
"associate(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Building Management Ordinance"	the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Building Ordinance"	the Building Ordinance (Chapter 123 of the laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"business day"	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"BVI Company"	Kong Shum Union Property Management Group Limited, a company incorporated under the laws of BVI with limited liability on 10 October 2012, which is wholly owned by the Company and a wholly owned subsidiary of the Company
"Capitalisation Issue"	the allotment and issue of 299,999,980 Shares upon capitalisation of an amount of HK$2,999,999.8 out of the share premium account of the Company as referred to under the paragraph headed "Written resolutions of the sole shareholder" in Appendix IV to this prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant

"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Operational Procedures"	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to the operations and functions of CCASS, as from time to time in force
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"China" or "PRC"	Peoples' Republic of China, but for the purpose of this prospectus only and except where the context requires otherwise, references in this prospectus to "China" or "PRC" do not include Hong Kong, the Macau Special Administrative Region and Taiwan
"Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"Companies Ordinance"	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company"	Kong Shum Union Property Management (Holding) Limited (港深聯合物業管理(控股)有限公司), a company incorporated in the Cayman Islands on 15 August 2012 as an exempted company with limited liability
"connected person(s)"	has the same meaning ascribed to it under the GEM Listing Rules
"Controlling Shareholders"	the controlling shareholders (having the meaning ascribed to it under the GEM Listing Rules) of the Company, namely, Topgrow, Mr. Ho Ying Choi and Mr. Ho Ying Cheung
"Counsel"	Mr. Earnest W.H. Cheung, a barrister-at-law in Hong Kong
"Director(s)"	the director(s) of the Company
"DMC"	deed of mutual covenant, a document registered with the Land Registry which sets out the rights, interests and obligations of the owners of the units in a building

"Electricity Ordinance"	the Electricity Ordinance (Chapter 406 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Fortune Trend"	Fortune Trend Investment Limited, a company incorporated in Hong Kong with limited liability on 19 June 2008, owned as to 50% by Mr. Ho Ying Choi and 50% by Mr. Ho Ying Cheung respectively
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM (as amended from time to time)
"GEM Website"	the internet website at **www.hkgem.com** operated by the Stock Exchange for the purpose of GEM
"General Rules of CCASS"	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
"Group"	the Company together with its subsidiaries and in respect of the period before the Company became the holding company of its present subsidiaries, the companies that are the present subsidiaries of the Company
"HIBOR"	Hong Kong interbank offered rate
"HK$" or "HK dollar(s)" or "HKD" and "cent(s)"	Hong Kong dollar(s) and cent(s) respectively, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Ho Ying Cheung"	Mr. Ho Ying Cheung, one of the executive Directors and Controlling Shareholders, brother of Mr. Ho Ying Choi
"Ho Ying Choi"	Mr. Ho Ying Choi, one of the executive Directors and Controlling Shareholders, brother of Mr. Ho Ying Cheung
"Home Ownership Scheme"	The Home Ownership Scheme (居者有其屋計劃), a subsidised-sale programme of public housing in Hong Kong managed by the Housing Authority
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Housing Authority"	Hong Kong Housing Authority

"Independent Third Party(ies)"	party or parties that is or are independent of and not connected with the Company and connected persons of the Company within the meaning of the GEM Listing Rules
"K-King"	K-King Cleaning Services Limited, a company incorporated in Hong Kong with limited liability on 30 June 2000, which is wholly owned by the BVI Company and a wholly owned subsidiary of the Group
"KSU"	Kong Shum Union Property Management Company Limited, a company incorporated in Hong Kong with limited liability on 10 August 1984, which is wholly owned by BVI Company and a wholly owned subsidiary of the Group
"KSU China"	Kong Shum Union (China) Limited, a company incorporated in Hong Kong with limited liability on 5 June 2002, which is wholly owned by KSU before 27 March 2012. On 27 March 2012, 100% equity interest in this company was sold to Super Potent Limited, a company now owned by both Mr. Ho Ying Choi and Ms. Chan Yuk Fan, the spouse of Mr. Ho Ying Choi
"Land Registry"	the land registry established pursuant to the Land Registration Ordinance (Chapter 128 of the Laws of Hong Kong)
"Latest Practicable Date"	20 September 2013, being the latest practicable date for ascertaining certain information prior to the printing of this prospectus
"Lead Manager"	Ample Orient Capital Limited, the lead manager in respect of the Placing
"Listing"	the listing of the Shares on GEM
"Listing Date"	the date on which dealings in the Shares on GEM first commence, which is expected to be on 11 October 2013
"Listing Division"	the listing division of the Stock Exchange (with responsibility for GEM)
"Mandatory Provident Fund Schemes Ordinance"	the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Memorandum" or "Memorandum of Association"	the memorandum of association of the Company adopted upon the incorporation of the Company and as amended from time to time

"Minimum Wage Ordinance"	the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"More Rise"	More Rise Investment Limited, a company incorporated in Hong Kong with limited liability on 17 December 2004, jointly owned by Mr. Ho Ying Cheung and Mr. Ho Ying Choi; a connected person of the Company
"Nomination Committee"	the nomination committee of the Board
"Placing"	the conditional placing by the Underwriter on behalf of the Company of the Placing Shares for cash at the Placing Price, as further described under the section headed "Structure and Conditions of the Placing" in this Prospectus
"Placing Price"	the placing price for each Placing Share (exclusive of any brokerage fee, SFC transaction levy and Stock Exchange trading fee), which is currently expected to be not more than HK$0.5 per Placing Share and not less than HK$0.3 per Placing Share, such price to be determined on or before the Price Determination Date
"Placing Shares"	100,000,000 new Shares being offered by the Company for subscription at the Placing Price under the Placing, a Placing Share means one of these Shares
"Price Determination Date"	7 October 2013, being the date on which the Placing Price will be fixed for the purpose of the Placing
"Q&V"	Q&V Security Company Limited, a company incorporated in Hong Kong with limited liability on 20 December 1996, wholly owned by the BVI Company and a wholly owned subsidiary of the Group
"Remuneration Committee"	the remuneration committee of the Board
"Reorganisation"	the corporate reorganisation of the Group in preparation for Listing as more particularly described in the section headed "History, Reorganisation and Corporate Structure — The Reorganisation" in this prospectus
"Reporting Accountants"	World Link CPA Limited, the Company's auditors and reporting accountants in relation to the Listing

"River Sea"	River Sea Union Property Management (Shenzhen) Company Limited* (江海聯合物業管理(深圳)有限公司), a limited liability company incorporated in the PRC on 24 January 2003, wholly owned by KSU China. It was a wholly owned subsidiary of the Group until 27 March 2012
"Security and Guarding Services Ordinance"	the Security and Guarding Services Ordinance (Chapter 460 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"SFC"	The Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of nominal value of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of issued Share(s)
"Share Option Scheme"	the share option scheme conditionally approved and adopted by the Company pursuant to a resolution passed by the Shareholders on 19 September 2013, the principal terms of which are summarised in the section headed "Share Option Scheme" in Appendix IV to this prospectus
"Sponsor"	Ample Capital
"sq. ft"	square feet
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder(s)"	substantial shareholder(s) of the Company having the meaning ascribed to it in the GEM Listing Rules
"Sure Profit"	Sure Profit Limited, a company incorporated in Hong Kong with limited liability on 21 May 2008, owned as to 100% by Mr. Ho Ying Choi. It is a connected person of the Company
"Topgrow"	Topgrow Holdings Limited, a company incorporated in BVI with limited liability on 23 November 2001, owned as to 60% by Mr. Ho Ying Choi and 40% by Mr. Ho Ying Cheung respectively. It is one of the Controlling Shareholders
"Track Record Period"	the two years ended 31 March 2012 and 2013

"Underwriter"	the underwriter of the Placing named in the paragraph headed "Underwriter" in the section headed "Underwriting" of this prospectus
"Underwriting Agreement"	the conditional underwriting agreement dated 27 September 2013 and entered into between the Company, the executive Directors, Topgrow, the Sponsor, the Lead Manager and the Underwriter, particulars of which are set out in the section headed "Underwriting" in this prospectus
"USD" or "US dollars"	United States dollars, the lawful currency of the United States
"%"	per cent.

Unless otherwise specified, for the purpose of this Prospectus, amounts denominated in USD are translated into HK$ at the rate of HK$7.78 = USD1.00.

These exchange rates are for the purpose of illustration only and no representation is made that any amounts in USD have been, would have been or may be converted, at these or any other rates or at all.

If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translation of names in Chinese which are marked with "" and the Chinese translation of names in English which are marked with "*" is for identification purpose only.*

Potential investors of the Placing Shares should carefully consider all of the information set out in this prospectus and, in particular, the following risks and special considerations associated with an investment in the Placing Shares before making any investment decision in relation to the Placing Shares.

The Group believes that there are certain risks and uncertainties involved in its operations, some of which are beyond the Group's control. The Group has categorised these risks and uncertainties into: (i) risks relating to the Group's business/industry; and (ii) risks relating to the Placing.

RISKS RELATING TO THE GROUP'S BUSINESS/INDUSTRY

Contracts which were not renewed in compliance with the Building Management Ordinance requirements may be avoided, the Group's revenue stream and profitability would be adversely affected

Pursuant to the Building Management Ordinance, the procurement of supplies, goods and services for the management of a building must be made by invitation to tender if the supplies, goods or services will exceed or is likely to exceed HK$200,000 or 20% of the owner's corporation's annual budget (whichever is the less). This includes procurement for property management and security services. The tendering requirement can be dispersed with for renewal of existing contracts for supplies, goods and services provided that the owners' corporation decides by a resolution of the owners at a general meeting to renew the existing contract on such terms and conditions specified in the resolution without tendering.

For the 401 services contracts in force as at 31 March 2013, 31 services contracts were not in strict compliance with the relevant requirements of the Building Management Ordinance upon renewal of the services contracts, and have not been properly renewed as at 31 March 2013 or rectified up to 31 July 2013. Some owners' general meetings were convened to approve the continuing appointment of the Group as the property management company during the Track Record Period but the resolutions of the general meetings were not worded in a way that give sufficient details of the contracts renewed. Accordingly, the Directors consider the renewal requirements under the Building Management Ordinance were not fully complied with in such cases for prudence sake.

Subject to order made by the Hong Kong court, these services contracts may be avoided, i.e. cancelled by the owners' corporation by passing a resolution of the owners at a general meeting of the owners' corporation, only for the reason that they do not comply with the above requirements. If the services contracts were avoided by the owners in the general meeting, the Group's revenue stream and profitability would be adversely affected. For each of the years ended 31 March 2012 and 2013, revenue of approximately HK$164.9 million and HK$36.6 million, or approximately 59.6% and 12.9% of the Group's revenue was derived from contracts that were not renewed with strict compliance with the Building Management Ordinance (if applicable) as at 31 March 2012 and 2013 respectively. Based on the Group's average net profit margin of approximately 5.0% and 2.0% for each of the years ended 31 March 2012 and 2013 respectively, the contribution of net profit from the services contracts that were not renewed in strict compliance with the Building Management Ordinance was approximately HK$8.2 million and HK$0.7 million, representing approximately 59.6% and 12.9% of the Group's net profit for each of the years ended 31 March 2012 and 2013 respectively.

Please refer to the paragraph headed "Termination of contracts" under the section headed "Business" in this prospectus for reasons and further details of the non-compliance with the Building Management Ordinance requirements, and certain rectification measures adopted by the Group up to the Latest Practicable Date.

The Group will be exposed to profitability risk, liquidity risk and credit risk when implementing the old district property management scheme

The Group intends to implement the old district property management scheme upon Listing, targeting the old tenement buildings in the old urban districts. Details of the Group's expansion plan under this scheme are set out in the section headed "Business Objectives and Strategies" of this prospectus.

The Group will be exposed to different risks when carrying out this scheme.

(a) Impact on cost structure and profitability

Under this scheme, the Group will engage subcontractors to provide improvement works to the relevant building, such as installation of basic security facilities and providing basic structural repairs or renovation. Sub-contracting costs will be borne by the Group first. The management contract to be entered into with the respective customer would last from 3 to 10 years. The operating costs under the scheme include some overhead expenses for the management teams designated for this scheme and salaries for the security staff. Although the management contract will specifically provide for the automatic upward adjustment of management fees to be in line with the inflation and the minimum wage in force, there can be no assurances that the Group's operation under this scheme would remain as profitable as the Directors currently estimate during the term of the management contract. There are other factors beyond the Group's control which may adversely affect the Group's profitability, such as customer demand, the general market condition, competition within the industry, final cost of the improvement works and the financial situation of individual customer.

(b) Liquidity risk

As the receivable amounts will be settled by the customers by installment and will not be recovered within the normal operating cycle, additional financial resources will be needed in maintaining the Group's operation under this scheme. Therefore, the Group may face higher liquidity risk if it does not have sufficient working capital to meet its ongoing financial obligations.

(c) Credit Risk

The Group will be subject to credit risk if the customer defaults on installment payment.

In addition, if the management contract is terminated by the customer before expiry of the term and the sub-contracting costs are yet to be fully settled, the customer should settle the balance in accordance with the terms of the management contract. Nevertheless, there can be no assurances that the customer would be able or willing to settle the balance as required. In such case, the Group may have to apply to liquidate the customer which is an owners' corporation and recover the balance from the owners of the relevant property. However, the liquidation proceedings may be long and considerable management effort may be spent. Such extreme action may also bring negative publicity to the Group. If the Group decides not to recover the receivable amounts through lengthy legal proceedings, or the assets of the owners' corporations or the owners are insufficient to settle the liabilities, the Group may suffer financial loss and the Group's financial results may be adversely affected.

The Group faces intense competition and its market share and profitability may be adversely affected

The property management industry in Hong Kong is competitive. The entry barriers and set up costs are considered relatively low. Although individuals providing security work and companies offering security services to any property are regulated under a permit and license system, currently there are no industry-wide basic requirements for property management companies and practitioners. In 2011, there were 561 establishments in the real estate maintenance management industry and the competition may exert some pressure on the service fees of property management companies.

The Group faces competition from large property management companies in securing property management contracts for private housing estates. This is due to the fact that property developers may enjoy the advantage of owning large shares of the property development and maintaining substantial control over properties they developed, and usually appoint one of their subsidiaries or associate companies to manage the development. On the other hand, the Group faces competition from smaller sized property management companies in securing contracts for smaller property complexes or stand-alone buildings, as they may offer more competitive fees. The Group may therefore be required to reduce its fees or maintain low service fees in view of the market pressure so as to retain customers or pursue new business opportunities. As a result, this will have an adverse impact on the Group's profitability.

There are no assurances that the Group will be able to compete successfully against its current and future competitors. If the Group is unable to maintain its competitive edge or otherwise unable to respond to market pressure effectively, its market share and profitability may be adversely affected.

If the Group is in breach of banking facility covenant, the bank may cancel or withdraw the banking facilities granted, which will materially adversely affect the Group's business operation and financial position

The Group raised various bank borrowings to finance the Group's working capital. In securing banking facilities granted to the Group by a bank, KSU undertook to maintain a covenant requirement that the adjusted tangible net worth[*(note)*] of KSU shall be of no less than HK$10 million. Furthermore, the abovementioned adjusted tangible net worth[*(note)*] will be revised to HK$18 million upon Listing. As at 31 July 2013, KSU had adjusted tangible net worth[*(note)*] of approximately HK$10.2 million. If the Group breaches such covenant requirement, and if the bank thereby cancels or withdraws the relevant banking facilities granted, the Group will lose banking facilities of HK$41.3 million including facility for performance bond of HK$12.0 million available as at 31 July 2013. The Group's business operation and financial position will be materially and adversely affected.

Further details of the Group's various banking facilities and covenant requirements are set out in the paragraph headed "Indebtedness" under the section headed "Financial Information" of this prospectus.

Note: Adjusted tangible net worth is defined as "tangible net worth" netted off with loans to/from directors and related parties pursuant to the relevant banking facility letters, where "tangible net worth" is the aggregate of: (i) the amount paid up on the issued share capital (other than any redeemable share capital) of KSU; and (ii) the capital and revenue reserves (including but not limited to the share premium account, revaluation and retained profits or losses); but after deducting from such sum: (a) goodwill and all other intangible assets; (b) all minority interests in subsidiaries; (c) all amounts set aside for tax; (d) any dividend or other distribution declared/recommended; (e) the excess of the book value to the market value of the listed investments; (f) any amount standing to the debit of KSU's capital and reserves (including profit and loss account); and (g) any amount due from shareholders, directors, and/or related companies.

If the customers terminate the services contracts with the Group prior to the expiry date, the Group's revenue stream and profitability may be adversely affected

The Group has entered into services contracts with all its customers for property management and stand-alone security services rendered. The term of these services contracts generally last for one to two years. However, the customers may terminate the services contracts if the Group is in breach of the terms or conditions of the services contracts. In addition, the customers may in general terminate the services contracts by serving one to three months written notice to the Group, whereas six months written notice is required under a few services contracts.

If the services contracts are terminated by the customers, whether by serving written notice or for the reason of breach or material breach of the terms or conditions thereunder, the Group's revenue stream and profitability may be adversely affected.

With the implementation of Minimum Wage Ordinance, the Group may fail to transfer the rising labour costs to its customers or fail to retain the labour force in a cost effective way

The Group relies on human resources for the provision of its services, and therefore a substantial proportion of the Group's operating expenses are labour costs. On 1 May 2011, Hong Kong introduced the minimum wage legislation under the Minimum Wage Ordinance which dictated a minimum wage of HK$28.00 per hour. On 1 May 2013, the minimum wage was revised to HK$30.00 per hour. Pursuant to the Minimum Wage Ordinance, the Minimum Wage Commission must report on the recommended changes in statutory minimum wage at least once in every 2 years, and the statutory minimum wage may be adjusted having regard to the recommended changes in statutory minimum wage. For each of the years ended 31 March 2012 and 2013, the total staff costs (excluding directors' remuneration) of the Group amounted to approximately HK$234.7 million and HK$239.2 million respectively, representing approximately 84.8% and 84.2% of the Group's revenue. The Directors anticipate that if the Group is unable to transfer future rising labour costs to its customers, its operating results and hence its profitability will be adversely affected.

In addition, many of the Group's front-line staff are security guards and property officers. As a result of the Minimum Wage Ordinance, the Group has found it more difficult to retain employees such as security guards, due to other jobs available to staff with less qualifications. In such case, the Group may be forced to offer more competitive salary to its employees, or the quality of its services could be affected if no suitable and capable replacement is found in time.

Unsatisfactory performance, defaults and neglects of the subcontractors will adversely affect the Group's reputation

The Group sub-contracts substantially all its cleaning services to third-party cleaning companies. The subcontracting charges incurred by the Group were approximately HK$18.4 million and HK$17.6 million respectively for each of the years ended 31 March 2012 and 2013. Although the Group closely monitors the performance of its subcontractors, there can be no assurances that their performance will always meet the Group's service requirements, which in turn may affect the Group's reputation. Furthermore, the Group is responsible for the acts, defaults and neglects of its sub-contractors as if they were the acts, defaults and neglects of the Group itself. Hence, there is a risk that the Group's operations, revenue and profits may be affected due to any wrongful acts or negligence of its subcontractors.

The Group is exposed to risks related to litigious claims

Like all operators in the property management industry, the Group will face an inherent risk of litigious claims. In carrying out its ordinary course of business, the Group may be subject to the risk of being named as a party in regulatory or legal actions, claims and disputes in connection with its business activities. Examples of such disputes include, but not limited to, disputes with property owners, disputes relating to the responsibilities of the Group under its management contracts or DMCs and breaches of the Building Management Ordinance, which may give rise to potential litigation.

The Group may also be subject to adverse employee relationships and the employees may initiate employment-related claims and contractual dispute claims. Furthermore, many people visit the Group's managed properties on a daily basis, hence there is a risk of people suffering injuries on these premises due to the negligence of the Group's employees or its subcontractors.

The amount of claims (if known) for litigations against the Group was approximately HK$7.8 million as at the Latest Practicable Date. As at the Latest Practicable Date, the Group was named as a defendant/respondent in certain personal injury claims arising out of its operations which may have material impact on the Group's business and/or financial position. Please refer to the paragraph headed "Litigation" under the section headed "Business" in this prospectus for further information.

The Group has taken out public liability insurance in respect of any accidents or injuries that may occur on the Group's premises. However, there is always a risk that the insurance policy may not be sufficient to cover all unpredictable situations and risks, or fully compensate for damages ordered. In the event that the Group's insurance coverage is inadequate, the Group may be required to compensate for any claims if the Group is found to be at fault, which would affect the Groups' profits and revenue.

Even if the claim against the Group proves to be unsuccessful, the Group may still suffer loss. This would be due to negative publicity arising from the claim, and also the loss of time and funds which would be diverted away from the operation of the Group's business needed to defend such a claim.

The Group may not obtain necessary license if the bill on compulsory licensing is passed, its business operation may be suspended

There are no licensing requirements for property management companies and the practitioners to operate in respect of provision of property management services. However, the Hong Kong government is currently drawing up a bill with the aim to submitting it to the Legislative Council within 2013 to regulate the property management industry. Details of the bill is discussed under the paragraph headed "Proposed license regime for the property management industry" in the section headed "Regulatory Overview" of this prospectus.

If the bill is passed, the Group would be required to obtain the practicing license needed to operate for itself and its relevant staff. The Group cannot provide any assurances that it will be able to obtain the necessary license for itself and its relevant staff. Furthermore, even if the Group and its staff successfully obtain the practicing license, the Group cannot guarantee that the license will not be revoked or withdrawn by the relevant regulatory authorities if there are grounds giving rise to such cancellation. In the event that the Group's license or its staff's licences are cancelled, operation of its business may have to be suspended, and the Group's financial results would be materially adversely affected.

The Group relies on key management personnel and its business operation may be adversely affected if the Group is unable to retain them without suitable replacements

The Group's success to date is largely attributable to the continued commitment and contribution of the Group's directors and other members of the senior management. Their extensive knowledge and experience in the property management industry, as well as their established relationships with the customers have played a major role in the Group's attainments. However, there are no assurances that the Group will be able to retain these key personnel, and the loss of any of them without suitable replacements, or the inability to attract and retain qualified personnel may adversely affect the Group's operations, revenue and profits.

There is no assurance that the Group's future business plans will materialise, or result in the conclusion or execution of any agreement within the planned time frame

The Group's future business plans are based on existing intention of the Directors and some of them are at conceptual or preliminary stages. These business plans and intention are based on assumption as to the occurrence of certain future events, which may or may not materialise, and the real situation might differ materially.

Furthermore, the Group's future business plans may be hindered by other factors beyond its control, such as competition from other property management companies. Therefore, there is no assurance that the Group's future business plans will materialise, or result in the conclusion or execution of any agreement within the planned time frame, or that the Group's objectives will be fully or partially accomplished.

System disruptions to the Group's computer systems could have an adverse effect on its business operations

The performance and reliability of the Group's computer system is important to its business operation. However, the Group's computer systems and operations could be vulnerable to interruption or malfunction due to events beyond the Group's control, and the Directors provide no assurances that the Group will not incur any damage or interruption caused by power outages, computer viruses, hardware and software failures, telecommunications failures, fires and other similar events in the future. Any interruption to any of the Group's computer system or operations could have an adverse effect on its business operations.

The Group's computer systems may also be vulnerable to unauthorised access, computer hackers, computer viruses and other security problems. A user who circumvents security measures could misappropriate proprietary information or cause interruptions or malfunctions in operations. Any leakage or misappropriation of information from the Group's system could have a material and adverse effect on its reputation and business operations. As a result, the Group may be required to expend significant resources to guard against the threat of these security breaches or to alleviate problems caused by these breaches.

If the Group fails to collect trade receivables from customers in a timely manner or at all, the Group's working capital and cash flow may be adversely affected

The Group's revenue is derived from provision of property management services and ancillary security services payable by the Group's customers, most of which are owners' corporations of properties managed by the Group. As such, the Group is subject to the credit risks of its customers.

No credit term is generally granted in service agreements with customers. The Group usually issues monthly invoices in arrears. If there is a delay in payment by its customers, the Group will still need to pay for the services provided by the subcontractors and remunerate its employees. Therefore, the Group's working capital and cash flow may be adversely affected. Furthermore, there are no assurances that the Group will be able to collect all or any part of its trade receivables in a timely manner or at all. This will inevitably negatively affect the Group's financial performance.

Any outbreak of communicable disease in Hong Kong could have a material and adverse effect on the Group's business

Any outbreak of communicable disease in Hong Kong could have a material and adverse effect on the Group's business. If any of the Group's employees are affected by any communicable disease outbreaks, the Group may be required to temporarily shut down its offices and to prohibit its staff from going to work to circumvent the spread of the disease. This could adversely affect and/or disrupt the Group's business operations and impact on the Group's results of operations and financial condition.

In 2003, Hong Kong, the PRC and other countries experienced an outbreak of a new and highly contagious form of atypical pneumonia now known as severe acute respiratory syndrome ("SARS"). During April and May of 2003, many businesses in Hong Kong were temporarily closed to prevent transmission of SARS. In addition, in 2009, occurrences of Influenza A (H1N1) were reported in Hong

Kong and other parts of the PRC. Any outbreak of SARS, Influenza A (H1N1), or other communicable diseases in Hong Kong could require the temporary closure of the Group's offices. Such closures could severely disrupt the Group's business operations and materially adversely affect its results of operations.

RISKS RELATING TO THE PLACING

Certain statistics and facts in this prospectus have not been independently verified

This prospectus includes certain statistics and facts that have been extracted from government official sources and publications or other sources. The Company believes that the sources of these statistics and facts are appropriate for such statistics and facts and has taken reasonable care in extracting and reproducing such statistics and facts. The Company has no reason to believe that such statistics and facts are false or misleading or that any fact has been omitted that would render such statistics and facts false or misleading. These statistics and facts have not yet been independently verified by the Company, the Sponsor, the Lead Manager, the Underwriter, any of their respective directors or any other party involved in the Placing and therefore, the Company makes no representation as to the accuracy or completeness of these statistics and facts, as such these statistics and facts should not be unduly relied upon.

The market price and trading volume of the Shares may be highly volatile

Prior to the Placing, there has been no public market for the Shares, and there are no assurances that an active trading market for the Shares will develop or be sustained upon completion of the Placing. The market price and trading volume of the Shares may be highly volatile. Factors such as variations in the Group's revenues, earnings or cash flow and/or announcements of new investments, strategic alliances could cause the market price of the Shares to change substantially. Any such developments may result in large and sudden changes in the volume and market price at which the Shares will be trading. There are no assurances that these developments will or will not occur in the future and it is difficult to quantify the impact on the Group and on the trading volume and market price of the Shares. In addition, the Shares may be subject to changes in the market price, which may not be directly related to the Group's financial or business performance.

Shareholders' equity interests may be diluted

The Group may need to raise additional funds in the future to finance, *inter alia*, expansion or new developments relating to its existing operations or new acquisitions. If additional funds are raised through the issue of new equity and equity-linked securities of the Company other than on a pro-rata basis to the existing Shareholders, the percentage ownership of the Shareholders in the Company may be reduced and Shareholders may experience dilution in their percentage shareholdings in the Company. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or senior to the Shares.

Granting options under the Share Option Scheme would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share

The Company has conditionally adopted the Share Option Scheme although no options had been granted thereunder as at the Latest Practicable Date. Any exercise of the options to be granted under the Share Option Scheme in the future and issue of Shares thereunder would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after such issue. Under the HKFRS, the costs of the options to be granted to staff under the Share Option Scheme will be charged to the Group's consolidated income statement over the vesting period by reference to the fair value at the date on which the options are granted under the Share Options Scheme. As a result, the Group's profitability and financial results may be adversely affected.

Future sales of Shares by existing Shareholders could materially and adversely affect the prevailing market price of the Shares

The Shares beneficially owned by the existing Shareholders are subject to certain lock-up periods. There are no assurances that any substantial Shareholders or Controlling Shareholders will not dispose of the Shares held by them following the expiration of the lock-up periods, on any Shares they may come to own in the future. The Group cannot predict the effect, if any, of any future sales of the Shares by any substantial Shareholder or Controlling Shareholder on the market price of the Shares. Sale of a substantial amount of Shares by any of them or the issue of a substantial amount of new Shares, or the market perception that such sale or issue may occur, could materially and adversely affect the prevailing market price of the Shares.

There is possibility of a lack of an active trading market for the Shares and significant fluctuation of their trading prices

Prior to the listing of the Shares, no public market for the Shares existed. An application has been made to the Stock Exchange for the listing and permission to deal in the Shares. However, a listing of the Shares on the Stock Exchange does not guarantee a liquid public market for the Shares after the listing. If an active public market for the Shares does not develop after the listing, the market price and liquidity of the Shares may be adversely affected.

There is potential dilution effect of Shares if the Company issues additional Shares in the future

The Company may issue equity securities in the future to finance the operations and business strategies (including in connection with acquisitions and other transactions), to adjust the ratio of debt to equity, to satisfy the obligations upon the exercise of outstanding warrants or options or for other reasons. Any issuance of such equity securities could dilute the interests of the existing Shareholders and could substantially decrease the trading price of the Shares.

Investors of the Shares may experience dilution in the net tangible asset book value per Share of their Shares if the Company issues additional Shares in the future at a price which is lower than the net tangible asset book value per Share.

The Company has included in this prospectus forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future event. These forward-looking statements are contained principally in the sections entitled "Summary", "Risk Factors", "Industry Overview", "Business", and "Financial Information", which are, by their nature, subject to risks and uncertainties.

In some cases, the Company uses the words "aim", "anticipate", "believe", "continue", "could", "expect", "intend", "may", "plan", "potential", "predict", "project", "propose", "seek", "should", "will", "would" and similar expressions or statements to identify forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- its business strategies and plans of operations;
- its capital expenditure and funding plans;
- projects under planning;
- general economic conditions;
- capital market development;
- the trends of industry and technology;
- certain statements in "Financial Information" with respect to trends in prices, volumes, operations;
- margins, overall market trends, risk management and exchange rates;
- the regulatory environment for the property management industry in general; and
- other statements in this prospectus that are not historical fact.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the control of the Company. In addition, these forward-looking statements reflect the current views of the Company with respect to future events and are not a guarantee of future performance.

Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to those discussed under the section headed "Risk Factors" and elsewhere in this prospectus.

These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. The Company undertakes no obligation to update or revise any forward-looking statement in light of new information, future events or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond the control of the Company. The Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way the Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement in this prospectus misleading.

Printed copies of this prospectus are available, for information purposes only, at the offices of Ample Capital Limited and Ample Orient Capital Limited at Unit A, 14th Floor, Two Chinachem Plaza, 135 Des Veoux Road Central, Central, Hong Kong during normal office hours from 9:30 a.m. to 5:00 p.m. from 30 September 2013 up to and including 11 October 2013.

PLACING SHARES ARE FULLY UNDERWRITTEN

This prospectus sets out the terms and conditions of the Placing. This prospectus is published solely in connection with the Placing, which is sponsored by the Sponsor and managed by the Lead Manager and is fully underwritten by the Underwriter (subject to the terms and conditions of the Underwriting Agreement and subject to the Company and the Underwriter agreeing the Placing Price). Further information about the Underwriter and the underwriting arrangements is contained in the section headed "Underwriting" in this prospectus.

DETERMINATION OF THE PLACING PRICE

The Placing Shares are being offered at the Placing Price which will be determined by the Lead Manager (for itself and on behalf of the Underwriter) and the Company at or before 5:00 p.m. on 7 October 2013, or such later date or time as may be agreed by the Lead Manager (for itself and on behalf of the Underwriter) and the Company. The Placing Price, which is currently expected to be not more than HK$0.5 per Placing Share and not less than HK$0.3 per Placing Share. The Lead Manager (for itself and on behalf of the Underwriter) may reduce the indicative Placing Price range stated in this prospectus at any time prior to 7 October 2013. In such a case, a notice of the reduction of the indicative Placing Price range will be published on the GEM website at **www.hkgem.com** and the Company's website at **www.kongshum.com.hk**.

If the Lead Manager (for itself and on behalf of the Underwriter) and the Company are unable to reach an agreement on the Placing Price at or before 5:00 p.m. on 7 October 2013, or such later date or time as may be agreed between the Lead Manager (for itself and on behalf of the Underwriter) and the Company, the Placing will not proceed.

PLACING SHARES TO BE OFFERED IN HONG KONG ONLY

Each person acquiring the Placing Shares will be required to confirm or be deemed by his acquisition or subscription of Placing Shares to confirm that he is aware of the restrictions on offers and sales of the Placing Shares described in this prospectus.

As at the Latest Practicable Date, no action has been taken in any jurisdiction other than Hong Kong to permit the offering of the Placing Shares or the distribution of this prospectus. Accordingly, this prospectus may not be used for the purposes of, and does not constitute an offer or invitation in any jurisdiction or in any circumstance in which such offer or invitation is not authorised or to any person to whom it is unlawful to make an unauthorised offer or invitation.

The distribution of this prospectus and the offering of the Placing Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws or any applicable rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities as an exemption therefrom.

The Placing Shares are offered for subscription solely on the basis of the information contained and the representations made in this prospectus. No person is authorised in connection with the Placing to give any information or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by the Company, the Sponsor, the Lead Manager, the Underwriter, any of their respective directors or employees or any other persons involved in the Placing.

APPLICATION FOR LISTING ON GEM

Application has been made to the Listing Division for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Placing (including the Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and any Shares to be issued under the Capitalisation Issue).

Save as disclosed herein, no part of the share or loan capital of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to deal in is being or is proposed to be sought in the near future.

Under Section 44B(1) of the Companies Ordinance, any allotment or transfer made in respect of any placing of the Placing Shares will be void if permission for the listing of, and dealing in, the Shares on GEM has been refused before the expiration of three weeks from the date of closing of the Placing or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by or on behalf of the Stock Exchange.

Only securities registered on the branch register of members of the Company kept in Hong Kong may be traded on GEM unless the Stock Exchange otherwise agrees.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of listing and at all times thereafter, the Company must maintain the "minimum prescribed percentage" of 25% of the issued share capital of the Company in the hands of the public. A total of 100,000,000 Placing Shares representing 25% of the enlarged issued share capital of the Company will be in the hands of the public immediately following completion of the Placing and the Capitalisation Issue and upon Listing.

PROFESSIONAL TAX ADVICE RECOMMENDED

Investors for the Placing Shares are recommended to consult their professional advisers if they are in doubt as to the taxation implications of the subscription for, holding, purchase, disposal of or dealing in, the Shares or exercising their rights thereunder. It is emphasised that none of the Company, the Directors, the Sponsor, the Lead Manager, the Underwriter and their respective directors or employees or any other persons involved in the Placing accepts responsibility for any tax effects on, or liability of, holders of Shares resulting from the subscription for, holding, purchase, disposal of or dealing in, the Shares.

REGISTRATION AND STAMP DUTY

The principal register of members of the Company will be maintained in the Cayman Islands and a branch register of members of the Company will be maintained in Hong Kong. Unless the Directors otherwise agreed, all transfer and other documents of title of Shares must be lodged for registration with, and registered by Union Registrars Limited, the Company's Hong Kong branch share registrar and transfer office.

All the Shares will be registered on the branch register of members of the Company in Hong Kong. Dealings in the Shares registered on the Company's branch register of members maintained in Hong Kong will be subject to Hong Kong stamp duty.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or on any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

COMMENCEMENT OF DEALING IN THE SHARES

Dealing in the Shares on GEM is expected to commence on 11 October 2013 under the GEM stock code 8181. Shares will be traded in board lots of 8,000 Shares each.

The Company will not issue any temporary document of title.

STRUCTURE AND CONDITIONS OF THE PLACING

Details of the structure and conditions of the Placing are set out in the section headed "Structure and Conditions of the Placing" of this prospectus.

ROUNDING

Any discrepancies in any table between totals and sums of the amount listed in this prospectus are due to rounding.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Ho Ying Cheung *(Chairman)*	Flat F, 40/F., Tower 10 South Horizons Apleichau Hong Kong	Chinese
Mr. Ho Ying Choi *(Chief executive officer)*	Flat A, 19/F., Tower 2 Bel-Air, 8 Bel-Air on the Peak Island South Hong Kong	Chinese
Non-executive Director		
Mr. Kam Tak Yeung	Flat H, 10/F., Block 2 Ravana Garden 1–3 On King Street Shatin Hong Kong	Chinese
Independent non-executive Directors		
Mr. Cheung Kwong Wai	Flat J, 28/F., Block 10 242 Choi Hung Road Rhythm Garden San Po Kong Kowloon Hong Kong	Chinese
Mr. Tong Sze Chung	Flat D, 13/F., Block 3 Highland Park 11 Lai Kong Street Kwai Chung New Territories Hong Kong	Chinese
Mr. Wong Tsz Ho	Flat 24K, Block 1 On Ning Garden Tseung Kwan O New Territories Hong Kong	Chinese

PARTIES INVOLVED IN THE PLACING

Sponsor	**Ample Capital Limited** Unit A, 14th Floor Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Lead Manager	**Ample Orient Capital Limited** Unit A, 14th Floor Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Underwriter	**Ample Orient Capital Limited** Unit A, 14th Floor Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Principal Sub-underwriter	**CNI Securities Group Limited** 21/F, Ka Wah Bank Centre 232 Des Voeux Road Central Hong Kong
Legal advisers to the Company	*As to Hong Kong law* **Michael Li & Co.** 19/F, Prosperity Tower 39 Queen's Road Central Central, Hong Kong *As to Hong Kong law* **Mr. Earnest W.H. Cheung** *Barrister-at-law* Room 2904, Tower Two Lippo Centre 89 Queensway Admiralty, Hong Kong *As to legal proceedings of the Group* **YC Lee, Pang, Kwok & Ip** Room 1006, Shui On Centre 6–8 Harbour Road Wanchai, Hong Kong

Legal advisers to the Company as to Cayman Islands law	**Conyers Dill & Pearman (Cayman) Limited** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal advisers to the Sponsor and the Underwriter as to Hong Kong law	**Fairbairn Catley Low & Kong** 23/F, Shui On Centre 6–8 Harbour Road Hong Kong
Auditors and reporting accountants	**World Link CPA Limited** 5/F., Far East Consortium Building 121 Des Voeux Road Central Hong Kong
Property valuers	**GA Valuation Limited** 20/F, Ka Wah Bank Centre 232 Des Voeux Road Central Hong Kong

CORPORATE INFORMATION

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters, head office and principal place of business in Hong Kong	Unit L, 1/F. Kaiser Estate, Phase 2 51 Man Yue Street Hunghom, Kowloon Hong Kong
Authorised representatives	Mr. Tsui Siu Hung, Raymond Flat B, 18/F., Block 9 Le Point 8 King Ling Road, Tseung Kwan O New Territories Mr. Ho Ying Choi Flat A, 19/F., Tower 2 Bel-Air, 8 Bel-Air on the Peak Island South Hong Kong
Company secretary	Mr. Tsui Siu Hung, Raymond *(FCCA, FCPA)*
Compliance officer	Mr. Ho Ying Choi
Members of the Audit Committee	Mr. Tong Sze Chung *(Chairman)* Mr. Wong Tsz Ho Mr. Cheung Kwong Wai
Members of the Remuneration Committee	Mr. Tong Sze Chung *(Chairman)* Mr. Wong Tsz Ho Mr. Ho Ying Choi
Members of the Nomination Committee	Mr. Ho Ying Cheung *(Chairman)* Mr. Ho Ying Choi Mr. Tong Sze Chung Mr. Wong Tsz Ho Mr. Cheung Kwong Wai

Principal share registrar and transfer office	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong branch share registrar and transfer office	Union Registrars Limited 18/F Fook Lee Commercial Centre Town Place 33 Lockhart Road Wanchai Hong Kong
Principal bankers	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Central Hong Kong DBS Bank (Hong Kong) Limited G/F, The Center 99 Queen's Road Central Central Hong Kong
Compliance adviser	**Ample Capital Limited** Unit A, 14th Floor Two Chinachem Plaza 135 Des Voeux Road Central Central Hong Kong
Website of the Company	**www.kongshum.com.hk** *(information contained in this website does not form part of this prospectus)*

The information and statistics set out in this section have been extracted from various publicly available official sources including (i) the Hong Kong government; (ii) the Legislative Council of Hong Kong; and (iii) The Hong Kong Association of Property Management Companies Limited. None of these sources is commissioned by the Group. The Group believes that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. The Group has no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by the Group, the Lead Manager, the Sponsor, the Underwriter or any other party involved in the Placing and no representation is given as to its accuracy.

INTRODUCTION

In Hong Kong, the majority of property owners own flats in multi-storey buildings. Owners' corporations are often formed to take on the owners' responsibilities in relation to the management of the common parts of the buildings, whereas the day-to-day management and maintenance of buildings is often contracted out to property management companies. Property management companies play an important role in planning, organising, implementing and supervising property management functions in a professional and cost efficient manner. Property management companies also help owners to provide security services to buildings, coordinate cleaning works, and ensure early preventive maintenance, detection of wear and tear of buildings, and timely maintenance works. In a broad sense, property management comprises a wide spectrum of services such as repair/maintenance, landscaping, financial management, building insurance arrangement, environmental management, cleaning and security. Property management requires multi-disciplinary professional knowledge, such as property management, management of property environment, building repair and maintenance, finance and asset management, facility management and legal knowledge. Property management also involves liaison with various government departments, non-governmental organisations and individual owners. Some common functional areas of the property management are listed as below:

Building Repair and Maintenance

This involves the conducting and subcontracting of repair and maintenance works of the building structure and its facilities such as ventilation, fire services installations, plumbing and drainage, air-conditioning and electrical installations. The facilities and structure of a building are also continuously maintained and improved in order to enhance its value.

Management of the Property Environment

Cleanliness, hygienic conditions, landscape improvement are the principal responsibilities of property management companies. Attention to security, fire safety and emergencies system are essentially paid to ensure safety of the building.

Property Management Services for Owners, Tenants and the Community

This involves management services for owners' representatives such as upholding regular meetings and periodically submitting work reports, customer services for residents such as handling complaints, as well as general management services such as insurance and quality assurances.

Facility Management

This focuses mainly on the property management of related facility management, if any, managed by property management companies. The main focuses are on club houses, shopping centres, industrial and commercial buildings, and other types of premises, ancillary facility of car parks and loading areas, and other facilities managed by property management companies.

Finance and Asset Management

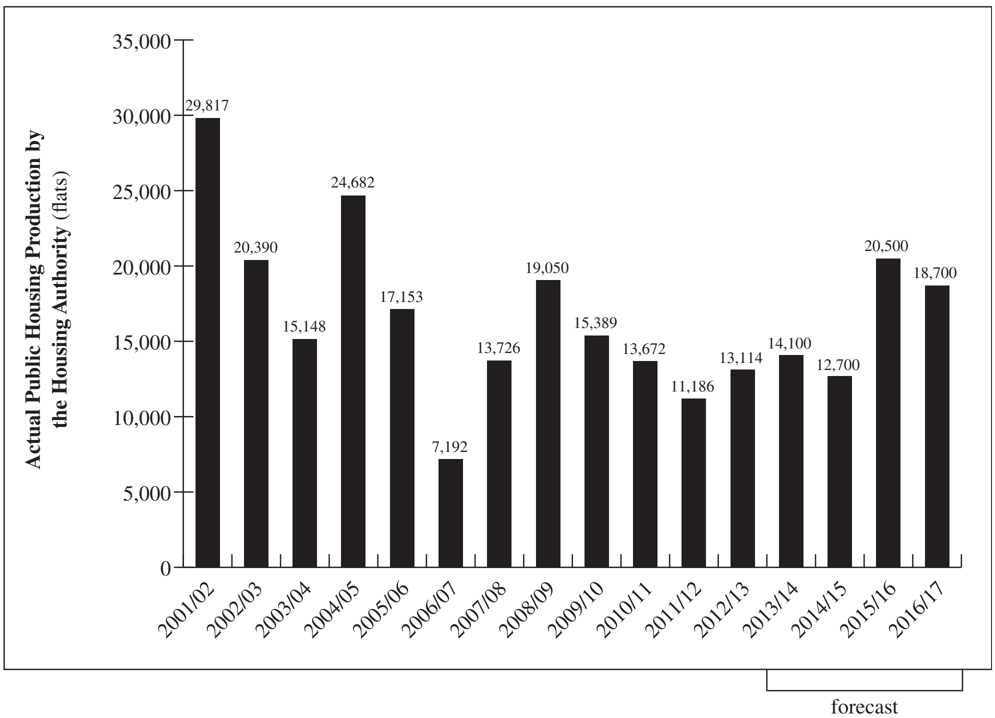
Property management companies may be responsible for the submission of financial statements and allocation of funds to achieve transparency and cost efficiency. Budget plans of maintenance projects and services contracts are prepared to monitor expenditure and cash flow.

NUMBER OF HOUSING IN HONG KONG

The development of the property management industry is closely related to the expansion of real estate activities. Generally the level of housing stock and estimated completion rate would be able to provide hints on the growth potential of the industry.

The Housing Authority is the primary public body that takes charge of developing and implementing public housing programmes in Hong Kong. Each year, more than 10,000 flats are built by the Housing Authority on average for public rental housing. The following graph sets out the volume of public rental housing production by the Housing Authority:

Public Rental Housing Production by The Housing Authority



Source: Hong Kong Annual Digest of Statistics, 2011, and website of Housing Authority, Hong Kong Government

Notes:

1. Figures include the production of public rental housing (PRH) and projects transferred from surplus Home Ownership Scheme to PRH, but exclude Interim Housing and the production of projects built as rental housing but subsequently transferred to Buy or Rent Option Scheme/Mortgage Subsidy Scheme housing.

2. The forecast figures from 2013/14 to 2016/17 are rounded to the nearest hundred.

3. Production forecasts which are subject to regular review are based on the Public Housing Construction Programme updated as at June 2013.

It is shown in the above graph that, while the number of flats produced by the Housing Authority varies from time to time, fluctuating between approximately 29,800 flats in year 2001/02 and approximately 7,200 flats in year 2006/07, annual production stood above 10,000 units for most years.

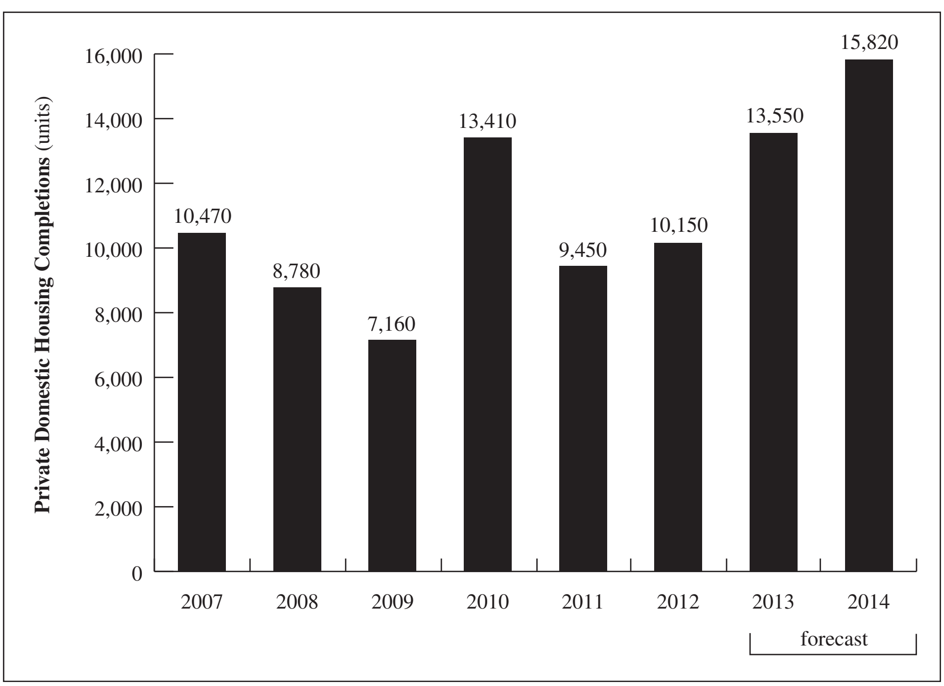
The average number of flats produced by the Housing Authority between 2001/02 and 2012/13 was approximately 16,710 flats per annum. According to the Housing Authority, it is projected that its annual production of public rental housing will be relatively stable between year 2013/14 and 2016/17, with an average annual production of approximately 16,500 flats.

In addition, the Hong Kong Government announced in its 2011–12 Policy Address that it intended to resume the Home Ownership Scheme. Under this initiative, the Hong Kong Government plans to provide more than 17,000 flats over four years from 2016–2017 onwards, with an annual production of between 2,500 and 6,500 flats. The Hong Kong Government's commitment to public housing would generate substantial opportunities for the real estate maintenance sector and as well strengthen the foundation for the sustainability and long-term development of property management industry in Hong Kong.

Given the magnitude of the public housing stock, the Housing Authority has to outsource the property management of some of its housing estates to property management companies. According to the website of the Housing Authority, currently the management of about 60% of its housing estates has been outsourced to property management companies, while the rest are directly managed by the Housing Department, the executive arm of the Housing Authority.

Apart from public housing, new private housing stock also contributes to the development and growth of the property management market. Recognising the limited land supply for residential flats in Hong Kong, the Hong Kong Government indicated in the 2010/11 Policy Address its wish to make available land for 20,000 private residential flats annually in the next ten years. Subsequently in 2011, the Hong Kong Government announced certain specific measures to increase land supply and private housing in Hong Kong by putting more land up for sale. The following graph sets out the number of private domestic housing completed in the last few years and projected to be completed in 2012 and 2013:

Private Domestic Housing Completions



Source: Hong Kong Property Review (2013), Rating and Valuation Department, Hong Kong Government

Note: Figures include independent domestic units with an exclusive cooking area, bathroom and toilet, but does not include village houses, quarters held by the People's Liberation Army, quarters attached to premises of utility companies, dormitories (including student dormitories in educational institutes), quarters held by the Hospital Authority, hotels and hostels.

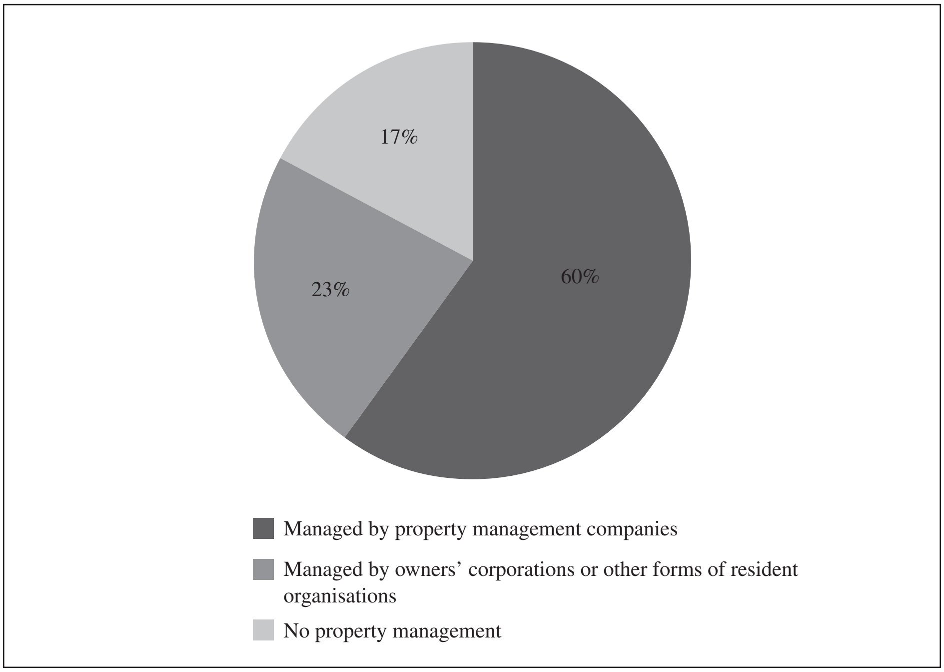
Between 2007 and 2012, only approximately 9,903 units of private domestic housing per year were completed in average. It is projected that the average number of private domestic housing completed will increase to approximately 14,690 units per year between 2013 and 2014. In 2011 the Hong Kong Government announced that it would make land available for approximately 35,000 residential flats in 2011/12. With the Hong Kong Government's initiative to increase the land supply in Hong Kong, it is believed that, if the Hong Kong Government's target for private residential flats completion is achieved, there is a strong possibility that the number of domestic housing completion will increase further beyond 2012. The rise in private residential housing development in Hong Kong is likely to generate a fresh and stable supply of new flats and may create more opportunities for property management business in Hong Kong.

The increasing supply of buildings and flats is likely to keep the development of property management industry in phase in future.

PRESENT STATE OF THE PROPERTY MANAGEMENT INDUSTRY IN HONG KONG

According to the consultation paper (the "Consultation Paper") on "Putting in Place a Regulatory Framework for Property Management Industry (December 2010)" presented in the panel on home affairs of Legislative Council of Hong Kong, as at 10 December 2010, around 24,000 out of 40,000 private buildings were managed by property management companies. Another 9,000 buildings were managed by owners' corporations or other forms of resident organisations. The remaining 7,000 buildings, mainly old tenement buildings, do not employ a property management company, and do not have an owners' corporation or any form of resident organisation. For those buildings without any form of management, the situation could be way below standard since even basic requirements such as cleanliness and security are not monitored.

Analysis of Property Management of Private Buildings in Hong Kong in December 2010



Source: Consultation paper on "Putting in Place a Regulatory Framework for Property Management Industry (December 2010)", Panel on Home Affairs, Legislative Council of Hong Kong

According to the Consultation Paper, about 10% of the property management companies in Hong Kong individually manage more than 50 buildings and provide comprehensive and structured property management services. About 40% of them mainly manage single tenement buildings and provide basic services such as cleaning and security at competitive rates.

According to the Hong Kong Monthly Digest of Statistics Issue 2011, the real estate maintenance management industry was the second largest component industry of the real estate sector in terms of business receipts, accounting for 28.2% of the total receipts of the real estate sector in 2011. As real estate maintenance management was a relatively labour-intensive activity, around 71,000 persons were engaged in this industry in 2011.

Industry Structure of the Real Estate Maintenance Management Industry 2009, 2010 and 2011

Year	**Number of establishments**	**Number of persons engaged**	**Total receipts** *(HK$ billion)*
2009	565	68,713	23.1
2010	569 (0.7%)	70,535 (2.7%)	24.4 (5.4%)
2011	561 (–1.4%)	70,937 (0.6%)	28.2 (15.8%)

Notes: Figures in the brackets denote percentage changes of the respective year compared with the preceding year.

Source: Key Statistics on Business Performance and Operating Characteristics of the Building Construction and Real Estate Sectors in 2011, Census and Statistics Department, Hong Kong Government

The property management industry in Hong Kong is fragmented and is characterised by a large number of operators. The entry barriers and set up costs are relatively low as no substantial investment in equipment or other fixed assets are generally needed. As set out in the above table, there were 561 establishments in the real estate maintenance management industry in 2011. Among the many property management companies, there are both large property management companies that manage a large portfolio of properties and other smaller sized property management companies. According to the information published on the website of The Hong Kong Association of Property Management Companies Limited (the "Association"), a corporate association of property management companies in Hong Kong, as at 1 January 2012 there were at least 13 property management entities that managed more than 20,000 units of residential and dual residential/commercial properties each. According to the Hong Kong Annual Digest of Statistics 2012, as at 31 March 2011 there were approximately 2,571,000 permanent living quarters (excluding non-domestic quarters) in Hong Kong *(Notes)*. Based on such information, those 13 major property management entities (including the Group) managed no less than 26% of the total number of units in Hong Kong. Thus considerable market share is seized by some major property management companies in Hong Kong. There is keen competition among the other smaller sized property management companies and they tend to compete for contracts of smaller property complexes or single tenement buildings. The property management companies compete in various aspects including price and service quality.

Notes:

(1) Permanent quarters comprise public rental housing units; subsidised sales flats; private residential flats; other quarters in private permanent housing and non-domestic quarters.

(2) Non-domestic quarters include the following two categories:

(a) quarters in non-residential buildings: these include all units of accommodation in non-residential buildings (such as commercial buildings and industrial buildings); and

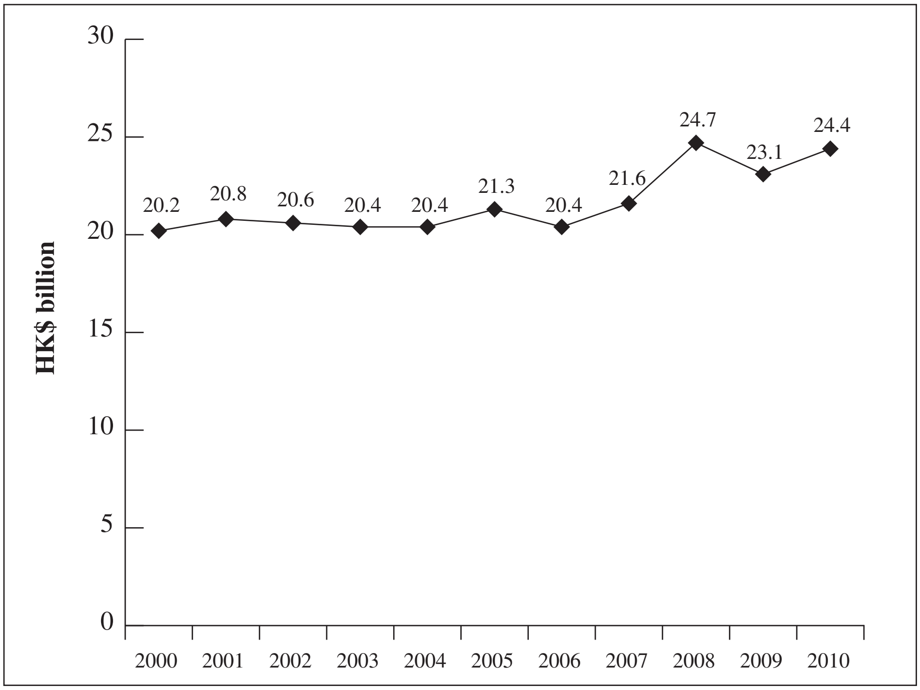
(b) collective living quarters: these include all units of accommodation (such as rooms and beds) in psychiatric hospitals, convalescent hospitals, infirmaries, penal institutions, elderly homes, boys' and girls' homes, religious houses, hotels, hostels and dormitories (such as those for university students).

Source: Website of Census and Statistics Department, Hong Kong Government

MARKET SIZE OF THE PROPERTY MANAGEMENT INDUSTRY

Business receipts of the real estate maintenance management industry comprise mainly real estate management fees. Thus, total receipts of this industry are more related to expansion in housing stock and quality of services provided. Below table shows the changes in total receipts of this industry during 2000 to 2010.

Total Receipts of Real Estate Maintenance Management Industry, 2000 to 2010



Source: Hong Kong Monthly Digest of Statistics Issue 2011, Census and Statistics Department, Hong Kong Government and Key Statistics on Business Performance and Operating Characteristics of the Building Construction and Real Estate Sectors in 2010, Census and Statistics Department, Hong Kong Government

During the period from 2000 to 2008, there was generally a steady growth recorded for the real estate maintenance management industry, largely independent of the fluctuations in the real estate activities in Hong Kong. This reflected a steadily growing demand proportional to the increase in housing stock as well as continuous upgrade in the real estate maintenance management services provided.

With the private housing stock increasing at an average annual growth rate of around 2.2% in accordance with Hong Kong Monthly Digest of Statistics Issue 2011, the demand for real estate maintenance management services was sustained. During the period of 2000 to 2010, total receipts of this industry recorded an average annual growth rate of 1.9%.

According to the Consultation Paper, around 17% of the private buildings in Hong Kong are not managed by any property management company. It may represent a potential of growth for the property management industry if the residents' demand for better hygiene, security and property management services in the future.

According to the Hong Kong Annual Digest of Statistics 2012, as at 31 March 2011 there were approximately 2,571,000 permanent living quarters (excluding non-domestic quarters) in Hong Kong *(Notes)*. As at the same date, the Group managed about 331 residential and dual residential/commercial developments, with approximately 64,000 domestic or residential units in aggregate. On this basis, the Group had a market share of approximately 2.5% in terms of the number of domestic units managed by the Group in Hong Kong.

Notes:

(1) Permanent living quarters comprise public rental housing units; subsidised sales flats; private residential flats; other quarters in private permanent housing and non-domestic quarters.

(2) Non-domestic quarters include the following two categories:

(a) quarters in non-residential buildings: these include all units of accommodation in non-residential buildings (such as commercial buildings and industrial buildings); and

(b) collective living quarters: these include all units of accommodation (such as rooms and beds) in psychiatric hospitals, convalescent hospitals, infirmaries, penal institutions, elderly homes, boys' and girls' homes, religious houses, hotels, hostels and dormitories (such as those for university students).

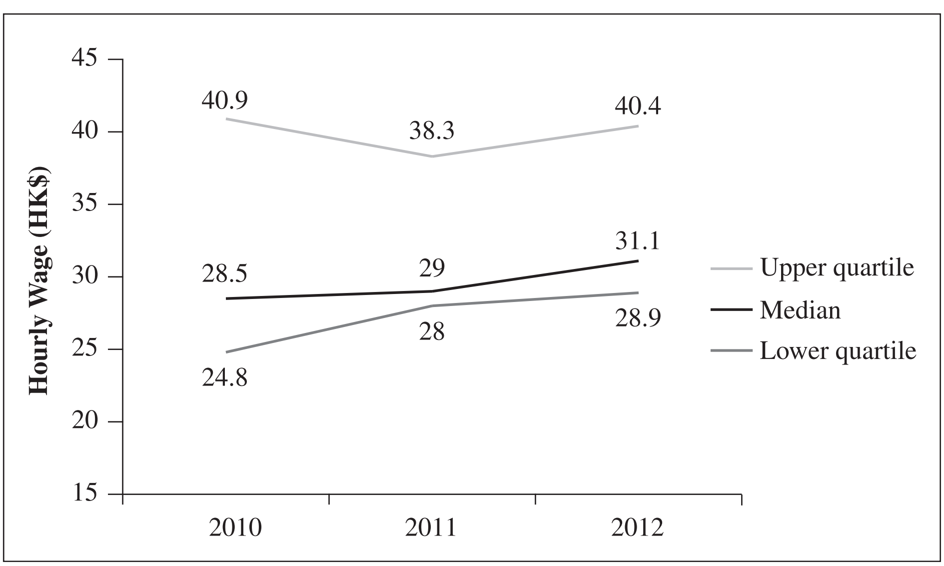
Source: Website of Census and Statistics Department, Hong Kong Government

IMPLEMENTATION OF STATUTORY MINIMUM WAGE

According to a feature article titled "The Real Estate Sector in Hong Kong, 1997 to 2009" in the Hong Kong Monthly Digest of Statistics (February 2011), property management industry takes up the highest percentage of total employment in the real estate sector. On 1 May 2011, Hong Kong introduced the minimum wage legislation under the Minimum Wage Ordinance which dictated a minimum wage of HK$28.00 per hour. On 1 May 2013, the minimum wage was revised to HK$30.00 per hour. After the implementation of the minimum wage regime, compensation packages offering rates below the statutory level were required to be adjusted in order to comply with the regulation. For a labour-intensive industry like property management, such review was very likely to put pressure on the cost control of property management companies.

The following graph illustrates the analysis of median, upper quartile and lower quartile of the hourly wage in the estate management, security and cleaning services industry in Hong Kong before and after the implementation of the minimum wage regime:

Hourly Wage in Estate Management, Security and Cleaning Services Industry from 2010 to 2012

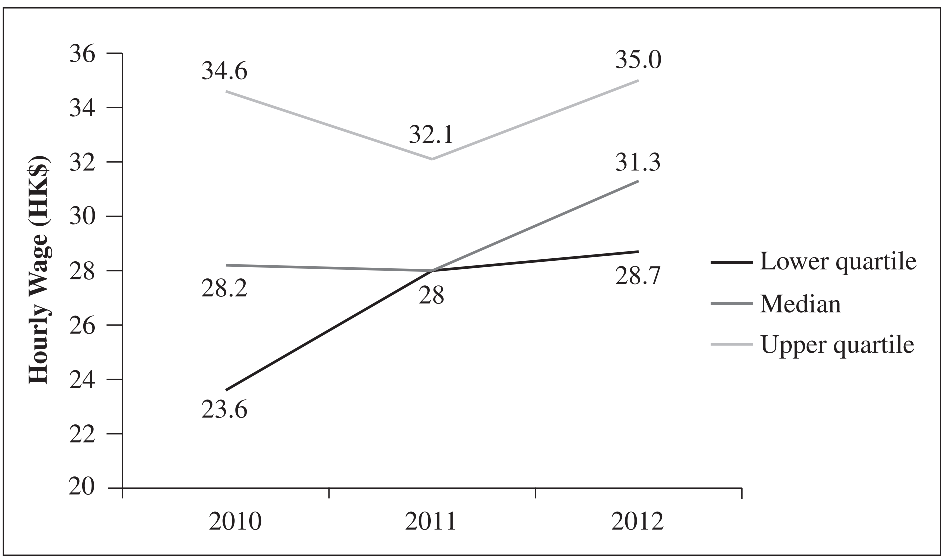


Source: 2010, 2011 and 2012 Report on Annual Earnings and Hours Survey, Census and Statistics Department, Hong Kong Government

In the year 2010 the median hourly wage in the estate management, security and cleaning services industry was only HK$28.5, meaning that close to 50% of the compensation of total labour force in the industry was still below the minimum wage requirement of HK$28.00, and that a considerable proportion of compensation packages would have to be adjusted in response to the regulation.

After the implementation of the minimum wage regime, the upper quartile hourly wage in estate management, security and cleaning services industry dropped due to the decrease in hourly wage of estate management and security services in this quartile. The lower quartile hourly wage in estate management, security services and cleaning services industry demonstrated a significant increase mainly attributed to the leap of lower quartile hourly wage in security services to meet the minimum wage requirement. Below graph illustrates the trend of hourly wage in security services industry from 2010 to 2012:

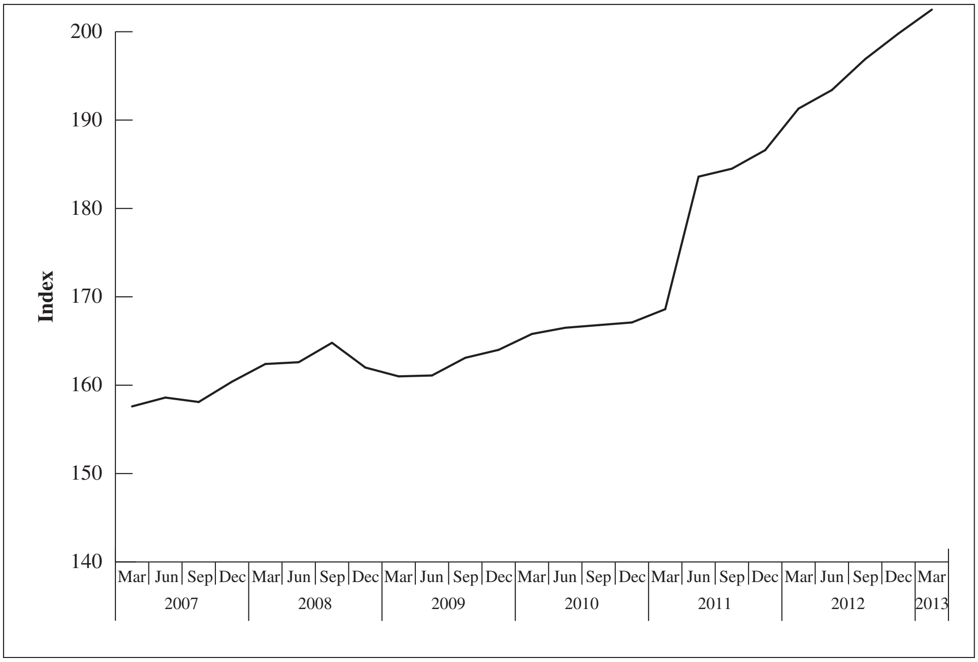
Hourly Wage in Security Services Industry from 2010 to 2012

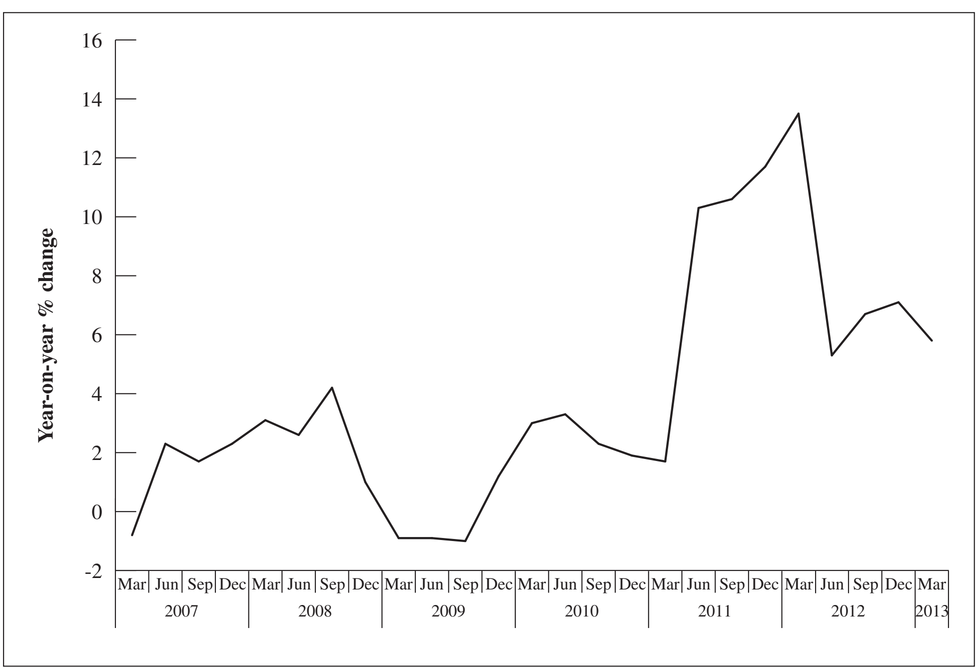


Source: 2010, 2011 and 2012 Report on Annual Earnings and Hours Survey, Census and Statistics Department, Hong Kong Government

The below graphs illustrate the significant growth in the nominal wages of the real estate leasing and management industry after the implementation of the minimum wage regime.

Nominal Wage Indices for Employees up to Supervisory Level (Excluding Managerial and Professional Employees) of Real Estate Leasing and Maintenance Management





Source: Quarterly Report of Wage and Payroll Statistics (March 2012), Census and Statistics Department, Hong Kong Government

From the above figures of nominal wage indices over the past 5 years, the overall wage level of the real estate leasing and maintenance management industry has been oscillating mildly without a definite trend until the year-on-year percentage change jumped to a new high of 10.3% in the second quarter of 2011 and continued to go up until the first quarter of 2012. This could depict the impact of the minimum wage requirement on the companies' operational expense.

On 1 May 2013, the minimum wage was revised to HK$30.00 per hour.

PROPOSED LICENSE REGIME FOR THE PROPERTY MANAGEMENT INDUSTRY

The Home Affairs Department of the Hong Kong government proposed to legislate a regulatory framework for the property management industry in which a license is mandatory for property management companies to carry out property management activities and for property management practitioners to practise in the industry. In the legislative council discussion paper dated 8 July 2011, the Home Affairs Department stated that it has taken due regard to the following guiding principles in formulating proposals for the regulatory framework for the property management industry:

(a) the costs of property management should not increase significantly as a result of the introduction of a licensing regime;

(b) there should not be a sudden shortfall in the supply of property management companies and practitioners; and

(c) there should continue to be free entry to the industry and fair competition.

The Home Affairs Department indicated that it plans to introduce relevant legislative proposals to the Legislative Council within 2013. It is proposed that a transitional period of three years will be allowed before full implementation of the licensing regime. Based on the above, it is expected that the proposed regulatory framework would not have significant impact on the market structure of the property management industry in Hong Kong for the next three years.

FUTURE OPPORTUNITIES AND CHALLENGES

The statutory minimum wage was implemented in May 2011. The year-on-year percentage change of the overall wage level of the real estate leasing and maintenance management industry jumped to a new high of 10.3% in the second quarter of 2011 and continued to go up until the first quarter of 2012. This could depict the impact of the minimum wage requirement on the companies' operational expense in the industry. As the statutory minimum wage may continue to rise in the future, whether a company can survive in the market depends on its ability to pass the increased staff cost to customers through price adjustment. The mandatory minimum wage regime also sets a lower limit on the staff cost in the industry, making it less likely for smaller sized property management companies to compete on price.

The proposed license regime for the property management industry may also set restrictions on the minimum registered capital and minimum number of staff/directors holding property management practitioners licences of property management companies. Smaller sized property management companies which do not have the capital resources or adequate economies of scale to maintain a team of licensed staff may not be able to operate under the new license regime.

The rising minimum wage and the proposed license regime present both opportunities and challenges to companies in the property management industry. Less competitive or unqualified operators may leave the market, resulting in possible market consolidation. Nevertheless, this may present opportunities to operators with larger operating scale and with a track record of quality service to grow and seize more market share.

THE LAWS AND REGULATIONS OF HONG KONG

This section summarises the principal laws and regulations of Hong Kong which are relevant to the Group's business and operations. These include the laws and regulations relating to the property management industry in Hong Kong. As this is a summary, it does not contain the detailed analysis of the Hong Kong laws which are relevant to the Group's business and operations.

THE HONG KONG LAWS IN RELATION TO PROPERTY MANAGEMENT INDUSTRY

The management of a property in Hong Kong is basically operated under the Building Management Ordinance and under DMCs. The Building Management Ordinance provides the legislative framework setting out the rules and regulations for the incorporation of owners of units in buildings or groups of buildings and for the management of buildings or group of buildings.

Under the Building Management Ordinance, an owner's corporation can be formed to deal with building management matters on behalf of all the owners. When an owner's corporation has been formed, the rights, powers, privileges and duties of the owners in relation to the common parts of the building shall be exercised and performed by the owner's corporation. In addition, the owner's corporation may decide whether to engage any paid staff member, property management company or other professional trade or person to assist in carrying out its duties or powers.

A DMC is a document registered with the Land Registry and sets out the rights, interests and obligations of the owners of the units in a building. In a typical situation, an owners' corporation or other owner/tenant body such as an owner committee or a mutual aid committee would be established and a management committee would be elected to represent such body to work with and monitor the performance of the property manager.

In addition to providing property management services, the property manager is also required under the Building Management Ordinance to prepare annual budgets for the management expenses and prepare income and expenditure statements. Furthermore, the Code of Practice issued under the Building Management Ordinance stipulates, among other things, that the procurement of supplies, goods and services by the owners' corporation exceeding certain amounts specified thereunder should be conducted by way of tenders.

To promote the standards of the housing management profession in Hong Kong, the Hong Kong Institute of Housing Ordinance (Chapter 507 of the Laws of Hong Kong) (the "**HK Institute of Housing Ordinance**") was enacted to recognise the qualifications of housing professionals. In addition, the Housing Managers Registration Ordinance (Chapter 550 of the Laws of Hong Kong) (the "**Housing Managers Registration Ordinance**") was also enacted, providing for the registration of professional housing managers who have achieved the qualifications and experience recognised by the Hong Kong Institute of Housing and for the disciplinary control of the professional activities of such registered managers.

The Home Affairs Bureau maintains a list of building management agents for the purpose of appointment of building management agents by Secretary for Home Affairs or by order of lands tribunal in Hong Kong pursuant to the Building Management Ordinance.

Building management agents may be appointed by order of the Secretary for Home Affairs pursuant to the Building Management Ordinance. When it appears to the Secretary for Home Affairs in case of any building with a management committee that:

(a) no person is, for the time being, managing that building;

(b) the management committee has, in any material particular, failed substantially to perform the duties of a corporation under section 18 of the Building Management Ordinance; and

(c) by reason of the circumstances mentioned in paragraphs (a) and (b), there is a danger or risk of danger to the occupiers or owners of the building,

the Secretary for Home Affairs may order that, within such reasonable period as shall be specified in the order, the management committee must appoint a building management agent for the purposes of managing that building.

Building management agents may also be appointed by order of the Lands Tribunal in Hong Kong under certain limited circumstances specified in the Building Management Ordinance.

A person is eligible to be appointed as a building management agent if his name appears in a list of persons engaged in the business of the management of buildings compiled by the Secretary for Home Affairs from time to time.

Apart from the Building Management Ordinance, the HK Institute of Housing Ordinance and the Housing Managers Registration Ordinance, there is no other specific legislation in Hong Kong that governs the property management industry. However, property management is a multi-disciplinary business covering a wide variety of trades including the provision of maintenance and security services. The qualifications of the building services engineers, maintenance surveyors, technicians and security guards providing such services are subject to other various legislative requirements.

Requirements for the procurement of supplies, goods and services by an owners' corporation

The procurement of supplies, goods and services (including the service for property management) by owners' corporations is regulated by the Building Management Ordinance. Pursuant to the Building Management Ordinance, the procurement of all supplies, goods or services required by an owners' corporation in the exercise of its powers and the performance of its duties under the DMC (if any) or the Building Management Ordinance shall be procured by invitation to tender if the value of service exceeds or is likely to exceed:

(a) the sum of HK$200,000; or

(b) a sum which is equivalent to 20% of the annual budget of the owners' corporation, whichever is the lesser.

Whether the tender submitted for such purpose is accepted or not shall be decided by a resolution of the owners passed at a general meeting of the owners' corporation.

The above requirement for invitation to tender is exempted if:

(a) the relevant supplies, goods or services are of the same type as any supplies, goods or services which are for the time being supplied to the owners' corporation by a supplier; and

(b) the owners' corporation decides by a resolution of the owners passed at a general meeting of the owners' corporation that the relevant supplies, goods or services shall be procured from that supplier on such terms and conditions as specified in the resolution.

If the above requirements are not complied with, the contract for the procurement of the relevant supplies, goods or services is not void by reason only that it does not comply with the above requirements. However, subject to order made by the Hong Kong court, the contract may be avoided, i.e. cancelled by the owners' corporation by a resolution of the owners passed at a general meeting of the owners' corporation, only for the reason that it does not comply with the above requirements. The Hong Kong courts may make such orders (including whether the service contract is void or voidable) and give such directions in respect of the rights and obligations of the contractual parties as it thinks fit having regard to various circumstances, including but not limited to, whether the owners have benefited from the service contract and whether the owners have incurred any financial loss due to the service contract and the extent thereof.

Unless and until the relevant service contract is cancelled by the owners' resolution at a general meeting of the owners, the service contract remains valid and enforceable, and each party is required to fulfill its obligations thereunder.

THE HONG KONG LAWS IN RELATION TO THE SECURITY INDUSTRY

Individuals providing security work and companies offering security services to any property are regulated under a permit and a license system respectively under the Security and Guarding Services Ordinance.

Under section 10 of the Security and Guarding Services Ordinance, no individual shall do, agree to do, or hold himself out as doing or as available to do, security work for another person unless he does so (i) under and in accordance with a permit issued in accordance with the Security and Guarding Services Ordinance; or (ii) otherwise than for reward.

Under the current security personnel permit regime, there are four categories of security work in which a person holding a permit may perform which include (i) guarding work restricted to a "single private residential building", the performance of which does not require the carrying of arms and ammunition ("**Category A**"); (ii) guarding work in respect of any persons, premises or properties, the performance of which does not require the carrying of arms and ammunition and which does not fall within Category A; (iii) guarding work, the performance of which requires the carrying of arms and ammunition; and (iv) installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a system incorporating a security device.

Under section 11 of the Security and Guarding Services Ordinance, no person other than a company acting under and in accordance with a license issued in accordance with the Security and Guarding Service Ordinance shall supply, agree to supply, or hold itself out as supply any individual to do security work for another person for reward.

Under the current security company license regime, there are three types of security work in which a company holding a license may perform which include (i) the provision of security guarding services; (ii) the provision of armoured transportation services; and (iii) installation, maintenance and/or repairing of a security device and/or designing (for any particular premises or place) a security system incorporating a security device.

The Security and Guarding Services Industry Authority was established on 1 June 1995 under the Security and Guarding Services Ordinance to administer a licensing scheme to regulate the security industry.

THE HONG KONG LAWS IN RELATION TO THE PROVISION OF ELECTRICAL WORK

All workers engaged in electrical work on fixed electrical installations must be registered with the Electrical and Mechanical Services Department to ensure that such work is carried out only by qualified electrical workers. Persons engaged in work on portable electrical appliances, such as table lamps, television sets and refrigerators, need not be registered.

There are five grades of certificates of registration and to be qualified, an applicant must possess appropriate qualifications, training and experience according to the Electricity Ordinance (Chapter 406 of the laws of Hong Kong) and Electricity (Registration) Regulations (Chapter 406D of the laws of Hong Kong).

THE HONG KONG LAWS IN RELATION TO THE PERSON WHO ARRANGED FOR THE MINOR WORKS TO BE CARRIED OUT

The Hong Kong Government has amended the Building Ordinance in June 2008 to introduce the minor works control system. Under the current minor works control system, which has been fully implemented since 31 December 2010, the person who arranged for the minor works to commence or to be carried out should employ prescribed building professionals and/or prescribed registered contractors to do so, without the need to obtain prior approval of plans and consent in writing for the commencement of the works from the Building Authority.

Under the minor works control system, a total of 126 items of building works have been included as minor works and the size, location and respective criteria of each item of minor works are set out in the Building (Minor Works) Regulation (Chapter 123N of the laws of Hong Kong). These minor works are classified into three classes according to their scale, complexity and risk to safety:

(a) Class I (total of 44 items) includes mainly those relatively more complicated minor works;

(b) Class II (total of 40 items) comprises those of comparatively lower complexity and risk to safety; and

(c) Class III (total of 42 items) mainly includes common household minor works.

In addition, these minor works are classified into different seven types according to their nature:

(a) Type A — alteration and addition works;

(b) Type B — repair works;

(c) Type C — works relating to signboards;

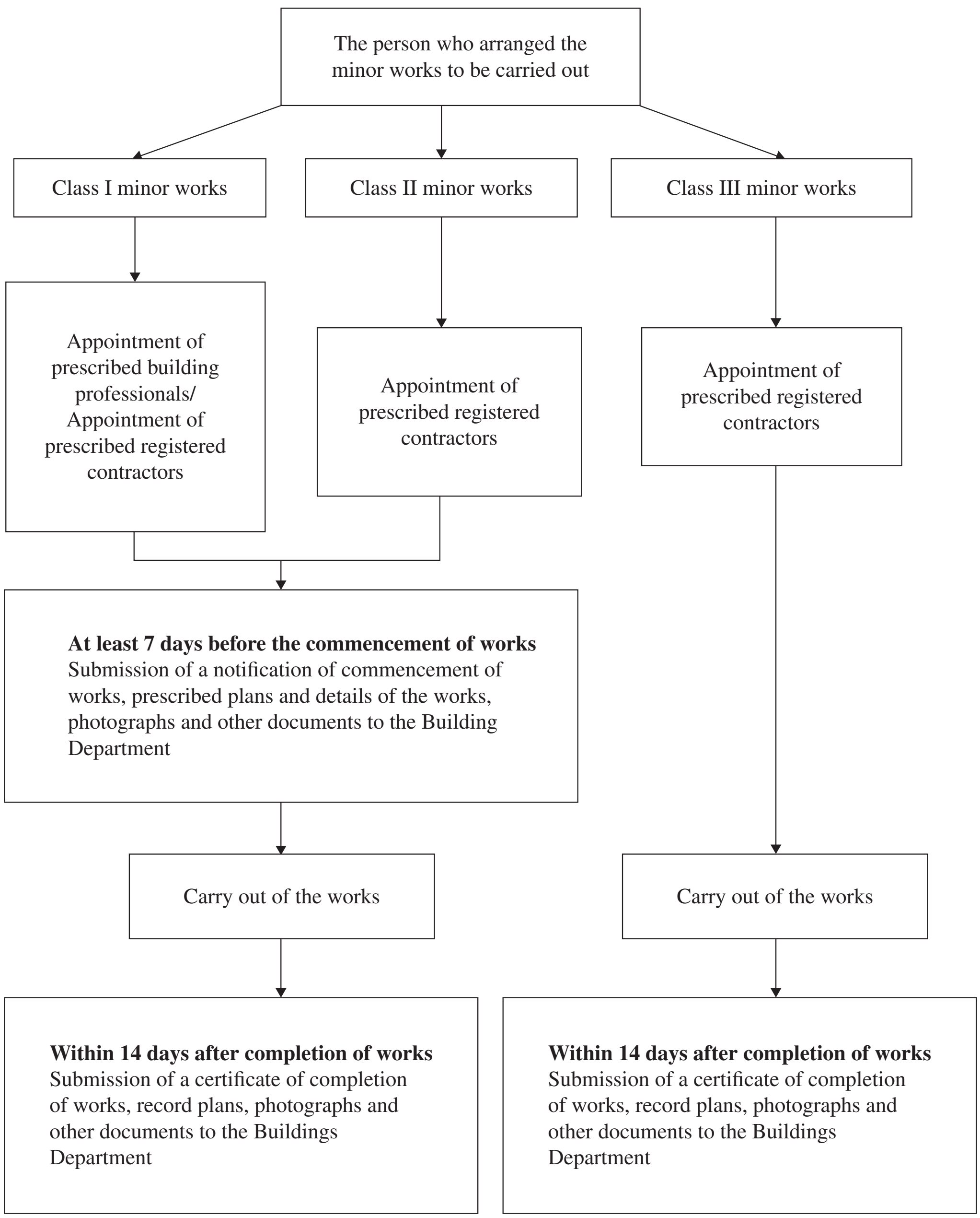
(d) Type D — drainage works;

(e) Type E — works relating to structures for amenities;

(f) Type F — finishes works; and

(g) Type G — demolition works.

Set out below is the flow chart for the carrying out of Class I, Class II and Class III minor works:



PROPOSED LICENSE REGIME FOR THE PROPERTY MANAGEMENT INDUSTRY

The Home Affairs Department of the Hong Kong government proposed to legislate for a regulatory framework for the property management industry in which a license is mandatory for property management companies to carry out property management activities and for property management practitioners to practise in the industry. The advisory committee on the regulation of the property management industry (the "**Advisory Committee**") will continue to work out the details of the licensing regime with the aim of submitting a draft bill to the Legislative Council within 2013.

According to the legislation council panel on home affairs discussion paper (the "**Discussion Paper**") on regulation of the property management industry dated 4 July 2012, it is recommended that property management companies should be required to meet certain requirements including the following:

(a) before a property management company is granted a licence, the property management company must fulfill all the licensing criteria which will be set in terms of the minimum amount of registered capital required, the minimum number of staff/directors holding property management practitioner ("**PMP**") licences, the minimum number of specific types of skilled staff and the fitness and propriety of the company (for example, whether the company is in liquidation or subject to a winding-up order, whether there is past conviction record on relevant offences), etc.;

(b) all licensed property management companies are required to comply with the requirements stipulated in the proposed legislation, a code of conduct and a code of practice to be promulgated by the future licensing body;

(c) companies providing only stand-alone services, such as those providing only cleansing or security services will be excluded from the regime to avoid creating unnecessary entry hurdles for these companies; and

(d) breach of the requirements in the legislation, the code of conduct and the code of practice may result in criminal sanction or disciplinary action to be taken by the future licensing body, depending on the seriousness of the contravention.

It is proposed that a transitional period of three years will be allowed before full implementation of the licensing regime.

It is stated in the Discussion Paper that companies providing only stand-alone services, such as those providing only cleansing or security services will be excluded from the regime to avoid creating unnecessary entry hurdles for these companies, thus the Directors believe that only KSU falls under the proposed licensing regime. The following major area of qualification requirements of PMCs are mentioned in the Discussion Paper (However, no specific requirements were stated in the Discussion Paper):

Qualification requirements of PMCs:	**Condition of KSU:**
— the minimum amount of registered capital required	According to the audited financial statements of KSU, KSU had share capital of HK$2,650,000 as at 31 March 2013. It also had retained profits of approximately HK$18.4 million. The retained profits could be capitalised as share capital when required.
— the minimum number of staff/directors holding property management practitioners (the "**PMPs**") licences	The Advisory Committee indicated that the academic and/or professional qualifications, relevant work experience and fitness and propriety of the person will be taken into account in granting license of PMP, but no specific details were given. As at the Latest Practicable Date, fifteen full-time staff of the Group were of members at least one of the following professional qualifications: (i) The Hong Kong Institute of Housing, (ii) Chartered Institute of Housing, (iii) Registered Professional Housing Manager, and (iv) Royal Institution of Chartered Surveyors. Mr. Kam Tak Yeung, a non-executive Director, is a member of the Hong Kong Institute of Housing and a Registered Professional Housing Manager.
— the minimum number of specific types of skilled staff (such as technicians, accounting officers, etc)	As at 29 August 2013, KSU had 38 grade A or grade B registered electrical workers. As at 31 August 2013, KSU had 51 accounting staff.
— the fitness and propriety of the company (for example, whether the company is in liquidation or subject to a winding-up order, whether there is past conviction record on relevant offences, etc.)	KSU was not in liquidation or subject to a winding-up order and there was no past conviction record.

In the legislative council discussion paper dated 8 July 2011, the Home Affairs Department stated that it has taken due regard to the following guiding principles in formulating proposals for regulatory framework for the property management industry:

(a) the costs of property management should not increase significantly as a result of the introduction of a licensing regime;

(b) there should not be a sudden shortfall in the supply of PMCs and practitioners; and

(c) there should continue to be free entry to the industry and fair competition.

As at 2 June 2013, there were only 85 entities on the Housing Authority Approved List of cleansing service contractors, property services agents and security service contractors. KSU has passed through a set of requirements covering company experience, capital requirement, qualification and experience of full time staff and safety, health and environment measures. The details of the requirements are set out on pages 59 to 64 of this prospectus. KSU is one of the 85 entities on the Housing Authority Approved List. According to the Key Statistics on Business Performance and Operating Characteristics of the Building Construction and Real Estate Sectors in 2011 issued by the Census and Statistics Department, in 2011 there were 561 establishments in the real estate maintenance industry. Since the number of establishments in the real estate maintenance industry is substantially larger than that in the Housing Authority Approved List, it is believed that the requirements of the proposed regulatory framework may unlikely be more stringent than that for the admission and retention in the Housing Authority Approved List, otherwise the number of market player may drop significantly, contravening the second guiding principle that "there should not be a sudden shortfall in the supply of PMCs and practitioners". On such basis, although the detailed requirements of the regulatory regime have not been announced yet, it is the Directors' view, with which the Sponsor concurs, that there would be no significant impediment for the Group to obtain the licence.

List of property service providers under the Housing Authority

According to the Housing Authority's Guide to Registration of Works Contractors and Property Management Services Providers (the "**HA Guide**"), the Housing Authority procures various services from property management service providers to manage the flats and facilities for its public housing programme. The Housing Authority, as a procuring entity, adopts selective tendering procedures in procuring most of its core services. The Housing Authority has been maintaining permanent lists of qualified service providers appropriate to the nature of its business. Property management service providers are classified into three categories: (i) property services agent, (ii) security service contractors and (iii) cleansing service contractors. Within each category, service providers are divided into groups or bands according to the type and size of contracts for which they are normally eligible to tender, with tender limits and scopes of work set out for each group or band. Service providers, when admitted onto the appropriate Housing Authority List will be considered suitable for executing contracts or carrying out works for the Housing Authority in the respective category of services subject to prescribed group tender limits in addition to the appropriate list management rules and the Housing Authority's procurement strategy.

The criteria of admission to the Housing Authority list of property management agents comprise of (i) mandatory requirements for clean record of conviction; (ii) minimum requirement on company experience; (iii) financial capability; and (iv) minimum number, qualifications and experience of full-time staff to be employed for admission/retention. Effective on 1 January 2012, ISO 14001 certification is additionally required for admission to or retention on the Housing Authority list of property services agents.

Annual renewal is required for retention on the Housing Authority lists of service providers.

Property services agents are divided into groups according to the type and size of contracts for which they are normally eligible to tender. The tender limits are periodically adjusted and currently set as follows:

Group PS1	eligible to tender for PS1 contracts for managing a portfolio of not more than 4,000 domestic units.
Group PS2	eligible to tender for PS1 and PS2 contracts for managing a portfolio of any size.

The scopes of work included in PS1 and PS2 contracts are as follows:

(a) PS1 Contract

(i) Provision of all property management services.

(b) PS2 Contract

(i) Provision of all property management services; and

(ii) Provision of project management services for maintenance, repair and improvement works not covered by the prescribed scope of minor maintenance and repair works for the properties under the relevant contract.

Security service contractors are divided into two bands in which workload capping is currently adopted. The two bands of contractors are identified on the basis of quarterly performance scores and the banding exercise will be conducted annually.

Band	**Workload Capping Limit**
Band I A	70,000 units
Band I B	35,000 units
Band II A	23,000 units
Band II B	9,000 units

Band II represents probationary contractors who may apply for confirmed status regarding promotion to Band I on a minimum period of 12 months after commencement of the first contract with an average score of 60 or above. Band IA and Band IB contractors are classified in accordance with their financial capabilities.

Requirements for Retention of Property Services Agents in the List of the Housing Authority

The material requirements for retention of property services agents on the list of the Housing Authority pursuant to the HA Guide are summarised below:

1. *Mandatory Requirements for Retention*

(a) At the time of the annual renewal for retention on the List, property services agent shall be required to submit a statement of:

(i) "All convictions" or "no convictions" under the Employment Ordinance (Chapter 57), the Employees' Compensation Ordinance (Chapter 282), the Immigration Ordinance (Chapter 115) and the Mandatory Provident Fund Schemes Ordinance (Chapter 485) (collectively the "**Relevant Ordinances**") in respect of both government and private contracts; and

(ii) "All demerit points" or "no demerit points" obtained under the demerit point system in respect of services contracts employing non-skilled workers managed by the Housing Department and other relevant government departments.

2. *Minimum Requirement on Company Experience*

Property services agents should possess the minimum experience as specified below for each group. They should have satisfactory proven work records over the past three years, and have been managing the portfolio of the required size at least for the past one year.

Group	**Minimum Experience Required**
PS1	(a) At least three years' experience in property management; and
	(b) Satisfactory management of a portfolio of 2,000 residential/non-domestic units in aggregate or more in Hong Kong with at least one residential estate having not less than 500 units and non-domestic premises of not less than $2,000m^2$. The number of non-domestic units will be calculated based on a notional size of $40m^2$ gross floor area per unit.
PS2	(a) Relevant experience both in property management and in coordinating and managing maintenance or improvement works in respect of large-scale residential estates as set out below.
	(b) Minimum experience in property management:
	(i) At least three years' experience in property management; and
	(ii) Satisfactory management of a property portfolio in Hong Kong of not less than 4,500 residential/non-domestic units in aggregate with at least one residential estate having not less than 500 units and non-domestic premises of not less than $2,000m^2$. The number of non-domestic units will be calculated based on a notional size of $40m^2$ gross floor area per unit.

(c) Minimum experience in maintenance management:

(i) At least three years' experience in coordinating and managing maintenance and improvement works.

(ii) Satisfactory management of a property maintenance portfolio of not less than HK$25 million expenditure in aggregate in the past three years, either directly supervising contractors or engaging maintenance services consultants to carry out maintenance and improvement works to building elements and building services installations, such as spalling concrete repair, redecoration, replumbing, electrical rewiring and reinforcement, lift modernisation, and fire services improvement, etc.

3. *Capital Requirements*

Group	**Working Capital Required**	**Employed Capital Required**
PS1	Sum of: (a) 2 months value of PS2 or similar contracts/tenders with works content; and (b) 1 month value of other contracts/tenders	HK$0.5 million or 20% of total assets, whichever is higher
PS2		HK$2 million or 20% of total assets, whichever is higher

Definitions:

Employed Capital — Shareholders' funds in the case of limited companies, and the partners' or proprietor's funds in the case of partnership or proprietorship business. It generally comprises issued and fully paid share capital and retained earnings but excludes redeemable preference share, loan capital and loans from shareholders, revaluation reserve after charging of intangible assets including, e.g. goodwill, preliminary expenses, etc., which have not been written off. Total assets is fixed assets plus current assets and other assets.

Working Capital — Current assets net of current liabilities of the business for the purpose of financing its day-to-day operations. It is determined after adjusting for amounts not representing current resources available to the company such as doubtful debts as qualified by auditors.

Contract/Tender value — Value of contracts/tenders may include Housing Authority, Government and private sector contracts and any tender(s) under consideration.

4. Management

The company should have a sound system of internal control. Normally this should be substantiated by a management letter from the Company's auditor regarding the company's system of internal control.

5. Minimum number, qualification and experience of full time staff to be employed

Property services agents shall submit an organisation chart for vetting. They should engage a specific member of full time managerial and supervisory personnel with relevant qualifications and local management/working experience as specified below over the past three years. The managerial personnel should be at directorate or managerial level.

	Qualifications and Experience	**Minimum number** **PS1**	**PS2**
	Managerial Staff		
1	Practicing member of the Hong Kong Institute of Housing/ the Hong Kong Institute of Surveyors/Registered Professional Housing Manager/Registered Professional Surveyor or equivalent, with not less than 5 years' full time post-qualification working experience in property management in Hong Kong.	2	2
2	Practicing member of the Hong Kong Institute of Architects/ the Hong Kong Institution of Engineers/the Hong Kong Institute of Surveyors/Registered Architect/Registered Professional Engineer/Registered Professional Surveyor or equivalent qualification such as Chartered Engineer/ Chartered Surveyor, etc., with not less than 5 years' full time post-qualification working experience in property maintenance in Hong Kong.	—	1
	Supervisory Personnel		
1	Personnel with a pass in 2 subjects at Advanced Level in the Hong Kong Advanced Level Examination and Grade C or above in 3 other subjects in the Hong Kong Certificate of Education Examination including English Language (Syllabus B) and Chinese Language, or equivalent or above qualifications and minimum 3 years' full-time working experience in property management in Hong Kong.	4	4
2	Personnel with construction or related certificate or above qualifications and minimum 3 years' full time working experience in property maintenance in Hong Kong.	1	2

6. *Ethical Integrity*

The contractor (including a property services agent) shall have a company Code of Ethics and Code of Conduct.

7. *Safety, Health and Environment*

A contractor (including a property services agent) shall have policies and practices to ensure safe and healthy working conditions for all site personnel and to provide adequate protection for the public at large.

Requirements for retention of Security Services Agents in the List of the Housing Authority

The material requirements for retention of security services contractors on the list of the Housing Authority pursuant to the HA Guide are summarised below:

1. *Mandatory Requirements for Retention*

   (a) At the time of the annual renewal for retention on the List, property services agent shall be required to submit a statement of:

      (i) "All convictions" or "no convictions" under the Relevant Ordinances in respect of both government and private contracts; and

      (ii) "All demerit points" or "no demerit points" obtained under the demerit point system in respect of services contracts employing non-skilled workers managed by the Housing Department and other relevant government departments.

2. *Statutory Registration*

Security service contractors should be holders of valid Type I security company licence under Part IV of Security and Guarding Services Ordinance.

3. *Minimum Requirement on Company Experience*

Security service contractors should possess the minimum experience in providing security guarding services to residential/commercial buildings as specified below and have satisfactory proven work records over the past three years:

Band II Group A	Security service contractors should possess at least three years' experience in providing security guarding services to residential/commercial buildings with at least HK$20 million annual turnover (half of the turnover should be from residential buildings) in provision of security guarding services in Hong Kong.
Band II Group B	Security service contractors should possess at least three years' experience in providing security guarding services to residential/commercial buildings with at least HK$8 million annual turnover (half of the turnover should be from residential buildings) in provision of security guarding services in Hong Kong.

4. *Capital Requirements*

	Employed Capital Required *(HK$ million)*	Working Capital Required *(HK$ million)*
	(a) 20% of Total Assets or	(a) 1 month of outstanding contract value and 2 months of tender value (if applicable); or
	(b) The following minimum, whichever is higher	(b) The following minimum, whichever is higher
Band I A	1.30	3.15
Band I B	0.60	1.60
Band II A	0.40	1.00
Band II B	0.15	0.40

Note: Contract/Tender Value represent the value of contracts/tenders which include the Housing Authority, Government and private sector contracts and any tender(s) under consideration.

5. *Minimum Number, qualification and Experience of Full Time Staff to be Employed*

Security service contractors should engage a specific number of full time managerial personnel with relevant qualifications and local management/working experience as specified below.

Managerial Staff

Qualifications and Experience	Minimum Number
1. Personnel with Form 7 or above qualifications and minimum 5 years' practical experience in relevant field in Hong Kong	1

A local guarding workforce with at least 100 personnel.

6. *Ethical Integrity*

The contractor (including a security service contractor) shall have a company Code of Ethics and Code of Conduct.

7. *Safety, Health and Environment*

A contractor (including a security service contractor) shall have policies and practices to ensure safe and healthy working conditions for all site personnel and to provide adequate protection for the public at large.

THE GROUP'S BUSINESS DEVELOPMENT

The Group first commenced its business in property management services in 1984 when KSU was incorporated. To cope with the Group's expansion, Q&V was established in 1996 to provide security services and K-King was established in 2000 to provide cleaning services by subcontracting. The Group's business has grown steadily with annual turnover reaching approximately HK$284.1 million for the year ended 31 March 2013 and number of employees exceeding 2,000 in March 2013. As at 31 March 2013, the Group provided property management, security and cleaning services to approximately 400 properties in Hong Kong.

Business Milestones

- KSU commenced property management business in 1984
- Q&V was established in 1996 to provide security services
- KSU was admitted to the Housing Authority Approved List of Property Management Agents to manage Home Ownership Scheme estates in 1998
- KSU was admitted to the Housing Authority Approved List of Property Management Agents to manage public rental housing estate in 1999
- K-King was established in 2000 to provide cleaning services by subcontracting
- KSU was awarded the accreditations of ISO 9001: 2008 and ISO 14001: 2004 in 2007
- KSU was awarded the accreditations of OHSAS 18001: 2007 in 2010
- The Group's staff size reached around 2,000 in March 2013

HISTORY AND DEVELOPMENT

The Group was founded by Mr. Ho Ying Cheung in 1984 following the incorporation of KSU in Hong Kong on 10 August 1984. Mr. Ho Ying Cheung was one of the founders of KSU. On the date of incorporation of KSU, one share was allotted and issued to Mr. Ho Ying Cheung and another one share was allotted and issued to Mr. Ho Kwok Keung, an Independent Third Party, representing the entire issued share capital in KSU. KSU is principally engaged in the business of property management in Hong Kong.

In December 1991, Mr. Ho Kwok Keung transmitted 3 shares of KSU, which represented the then 50% equity interest in KSU, to Ms. Lo Wai Fun, an Independent Third Party, upon death of Mr. Ho Kwok Keung. In March 1992, Mr. Ho Ying Choi joined KSU as a director mainly responsible for the overall management of KSU. In August 1992, Mr. Ho Ying Cheung transferred 3 shares of KSU, which represented the then 50% equity interest in KSU, to Mr. Ho Ying Choi at the nominal consideration of HK$30.00 and Mr. Ho Ying Choi became one of the shareholders of KSU. Since then, Mr. Ho Ying Choi has been the key person with respect to the business development and overall management of KSU. Under the supervision and guidance of Mr. Ho Ying Choi, KSU expanded its businesses and recruited additional employees to cope with the increased number of customers and properties. The number of property management contracts of KSU significantly increased from 114 in year 2000 to approximately 210 in year 2005, and further to more than 400 in year 2013. Its number of employees also increased gradually to approximately 2,000 in March 2013. In September 1992, Ms. Lo Wai Fun transferred 3 shares of KSU, which represented the then 50% equity interest in KSU, to Ms. Ho Siu Chun, the sister of Mr. Ho Ying Cheung and Mr. Ho Ying Choi, at the consideration of HK$180,000.

In 3 January 1997, Mr. Ho Ying Choi transferred 3 shares of KSU, which represented the then 50% equity interest in KSU, to Ms. Chan Yuk Fan, the spouse of Mr. Ho Ying Choi, at the nominal consideration of HK$3.00. Subsequently on 19 December 1997, Ms. Chan Yuk Fan transferred 3 shares of KSU, which represented the then 50% equity interest in KSU, back to Mr. Ho Ying Choi, at the nominal consideration of HK$3.00.

In 24 June 2002, each of Mr. Ho Ying Choi and Ms. Ho Siu Chun transferred 99,999 shares of KSU to Topgrow and after the said transfer, KSU is wholly and beneficially owned by Topgrow. Topgrow is a company incorporated in BVI with limited liability on 23 November 2001. On the date of incorporation, Topgrow was owned as to 50% by Mr. Ho Ying Choi and 50% by Ms. Ho Siu Chun. In February 2009, 5 shares and 3 shares of Topgrow was allotted and issued to Mr. Ho Ying Choi and Ms. Ho Siu Chun respectively and all the shares of Topgrow registered in the name of Ms. Ho Siu Chun was held on trust for Mr. Ho Ying Cheung. Since February 2009, Mr. Ho Ying Choi and Mr. Ho Ying Cheung have full control over KSU through their ownership in Topgrow.

In December 1996, Q&V was incorporated in Hong Kong principally engaged in the business of providing security services in Hong Kong. Each of Mr. Ho Ying Choi and Mr. Ho Ying Cheung acquired 2 shares in Q&V in January 2000 from Pearlin Company Limited and Jadin Limited, both of which were Independent Third Parties, respectively at the consideration of HK$2.00, being the par value of the acquired shares, representing the entire issued share capital of Q&V. The establishment of Q&V has enabled the Group to provide independent security services to both commercial and residential properties in Hong Kong.

Starting from 1998, due to the rapid expansion of the Group in terms of the number of contracts, a number of measures were implemented by KSU such as hiring additional number of qualified housing managers, expansion of offices and also the demarcation of regional supervision control in order to boost further development of KSU. Mr. Ho Ying Choi had been the key person to drive the implementation of the above measures.

In November 1998, KSU was admitted to the Housing Authority Approved List of Property Management Agents to manage Home Ownership Scheme estates designated by the Housing Authority.

In January 1999, KSU was also admitted to the Housing Authority Approved List of Property Management Agents to manage public rental housing estates of the Housing Authority.

In 1998, the Hong Kong Government had implemented the Tenants Purchase Scheme ("**TPS**") which allows tenants in public housing estates under the Housing Authority to purchase their rented flats. KSU benefited from being selected by the Housing Authority as one of their property management agents. During the period from year 2001 to year 2002, KSU secured four contracts for managing four large estates sized between approximately 2,300 units to 7,300 units each.

In June 2000, K-King was incorporated in Hong Kong. Mr. Ho Ying Choi and KSU were the original shareholders of K-King, holding 1 share and 99 shares in K-King respectively at the time of its incorporation.

In 2007, KSU achieved accreditations in various quality assurance management systems including the ISO 9001: 2008 and ISO 14001: 2004.

In June 2008, Fortune Trend was incorporated in Hong Kong as an investment holding company. In June 2008, 1 share of Fortune Trend was issued and allotted to Mr. Ho Ying Cheung. In July 2008, Mr. Ho Ying Choi acquired one share in Fortune Trend from GNL08 Limited, an Independent Third Party, at the consideration of HK$1.00, being the par value of the acquired share. Together with the one share in Fortune Trend held by Mr. Ho Ying Cheung, Mr. Ho Ying Cheung and Mr. Ho Ying Choi hold the entire issued share capital of Fortune Trend. Both Q&V and K-King were wholly owned by Fortune Trend before completion of the Reorganisation.

In 2010, KSU achieved accreditations in the quality assurance management system of OHSAS 18001: 2007.

On 21 October 2010, Super Potent Limited, a non-wholly owned subsidiary of KSU, was disposed of by KSU as a result of KSU transferring 8 shares of Super Potent Limited, as to 4 shares each, to Mr. Ho Ying Choi and Ms. Chan Yuk Fan respectively at a nominal consideration of HK$8.00. Ms. Chan Yuk Fan is the spouse of Mr. Ho Ying Choi and they were the minority shareholders of Super Potent Limited prior to the transfer. Super Potent Limited was principally engaged in property investment. The transfer was carried out to dispose of the non-property management business by KSU to the effect of forming the Group with KSU as the principal operating subsidiary, and delineating the business of the Group and the personal investments of Mr. Ho's family. As a result of the transfer, Super Potent Limited was held as to 50% by Mr. Ho Ying Choi and as to 50% by Ms. Chan Yuk Fan. The disposal of Super Potent Limited resulted in a loss of approximately HK$2.9 million for the year ended 31 March 2011 in the financial statements of KSU. Super Potent Limited was disposed of by KSU at a nominal consideration of HK$8.00 to Mr. Ho Ying Choi and Ms. Chan Yuk Fan, as the directors of KSU considered that there was no change in the control of Super Potent Limited. The consideration was set at the nominal consideration of HK$8.00 for administrative simplicity, as the amount of consideration does not affect Mr. Ho's family's overall interest. The loss of approximately HK$2.9 million for the year ended 31 March 2011 in the financial statements of KSU did not bring any tax benefit to the Group and the directors of KSU considered that there was no overall financial impact to the shareholders of KSU.

KMW Property Services Company Limited, an associate of KSU, was deregistered on 10 June 2011. Prior to the deregistration, KMW Property Services Company Limited was held as to 40% by KSU, as to 40% by Meinhardt Infrastructure and Environment Limited and as to 20% by Winland Capital Limited. Meinhardt Infrastructure and Environment Limited and Winland Capital Limited are both Independent Third Parties. The deregistration was made as a result of (i) all members of KMW Property Services Company Limited agreeing to the deregistration; (ii) KMW Property Services Company Limited having no outstanding liabilities; and (iii) KMW Property Services Company Limited having ceased to carry on business or ceased operation for more than three months. Before its deregistration, KMW Properties Services Company Limited was principally engaged in the provision of property management services.

On 27 March 2012, KSU China, a wholly-owned subsidiary of KSU, was disposed of by KSU as a result of KSU transferring 10,000 shares, being the entire issued shares of KSU China, to Super Potent Limited at a nominal consideration of HK$1.00. The transfer was carried out to dispose of the non-property management business to the effect of forming the Group with KSU as the principal operating subsidiary. As a result of the transfer, KSU China was held by Super Potent Limited. The disposal of KSU China resulted in a gain of approximately HK$4.6 million for the year ended 31 March 2012 in the financial statements of KSU. The principal activities of KSU China were property sub-letting and investment holding. River Sea was a wholly owned subsidiary of KSU China. The principal activity of River Sea was property management in the PRC. River Sea has ceased its principal activities in May 2010.

In October 2012, BVI Company was incorporated in the BVI with limited liability and became the holding company of KSU, Q&V and K-King pursuant to the Reorganisation.

In August 2012, the Company was incorporated in the Cayman Islands as an exempted company with limited liability and became the holding company of the subsidiaries now comprising the Group pursuant to the Reorganisation. At the time of incorporation, one share was allotted and issued to Codan Trust Company (Cayman) Limited, being the initial subscriber, which was transferred to Topgrow. Mr. Ho Ying Choi and Mr. Ho Ying Cheung, being the beneficial owners of Topgrow, first became the Controlling Shareholders.

Each of the aforesaid transfers of equity interests was properly and legally completed and settled.

As at the Latest Practicable Date, the Group managed approximately 400 properties and had around 2,000 employees running the business.

Since the incorporation of KSU until completion of the Reorganisation, the Group had progressively developed into a group of companies providing property management services to mostly residential properties and other commercial and industrial properties in Hong Kong and providing other ancillary services such as security services to its customers.

In preparation for the Listing, the Group has undergone the Reorganisation whereby the Company has become the immediate holding company of the Group. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" below.

PAST AND PRESENT SHAREHOLDERS OF THE GROUP

Mr. Ho Ying Choi

Mr. Ho Ying Choi joined KSU as a director and became a shareholder of KSU in 1992. As at the Latest Practicable Date, Mr. Ho Ying Choi beneficially held 60% of the entire issued share capital of Topgrow, which in turn held the entire issued share capital of the Company.

Mr. Ho Ying Cheung

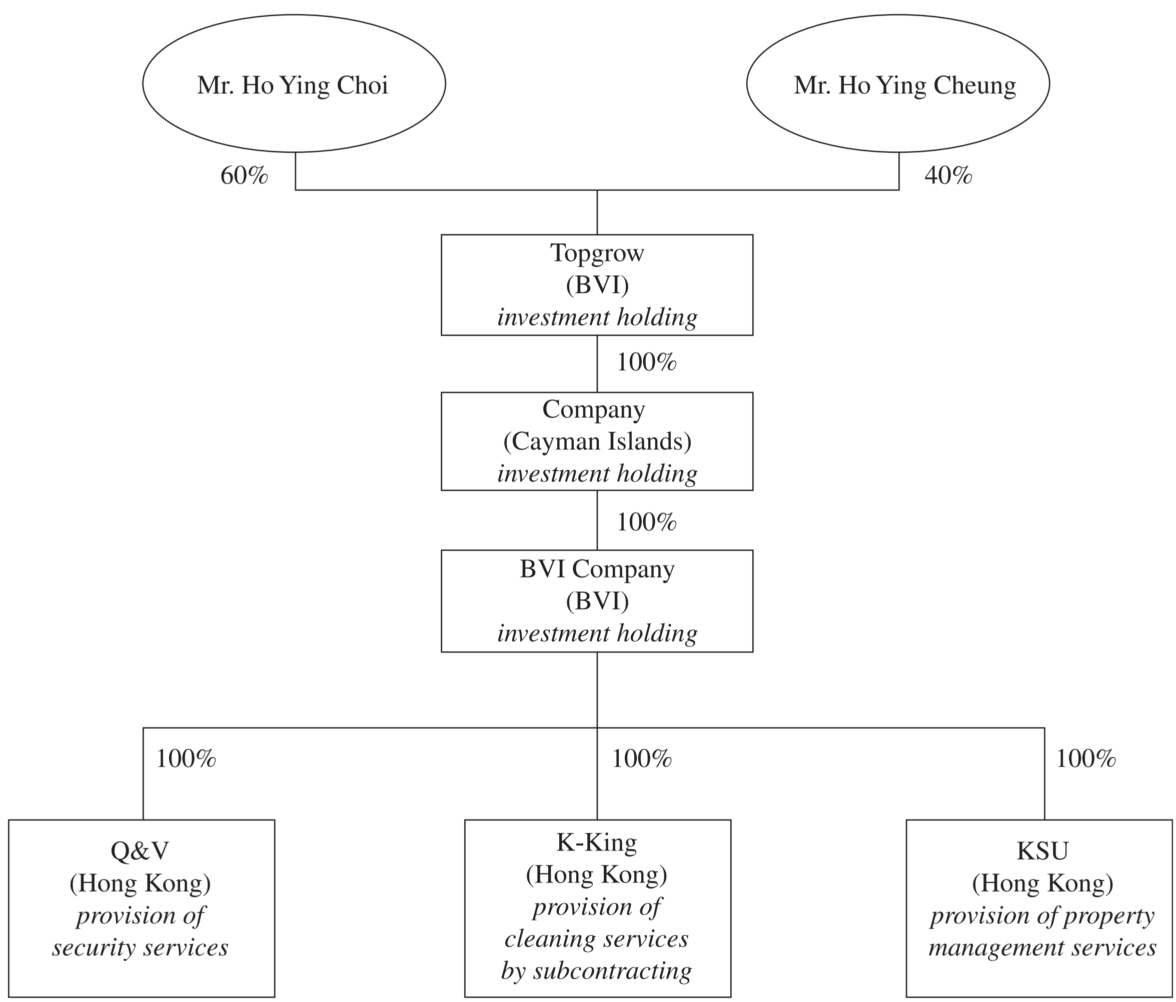
Mr. Ho Ying Cheung is one of the founding directors and shareholders of KSU. As at the Latest Practicable Date, Mr. Ho Ying Cheung beneficially held 40% of the entire issued share capital of Topgrow, which in turn held the entire issued share capital of the Company.

Topgrow

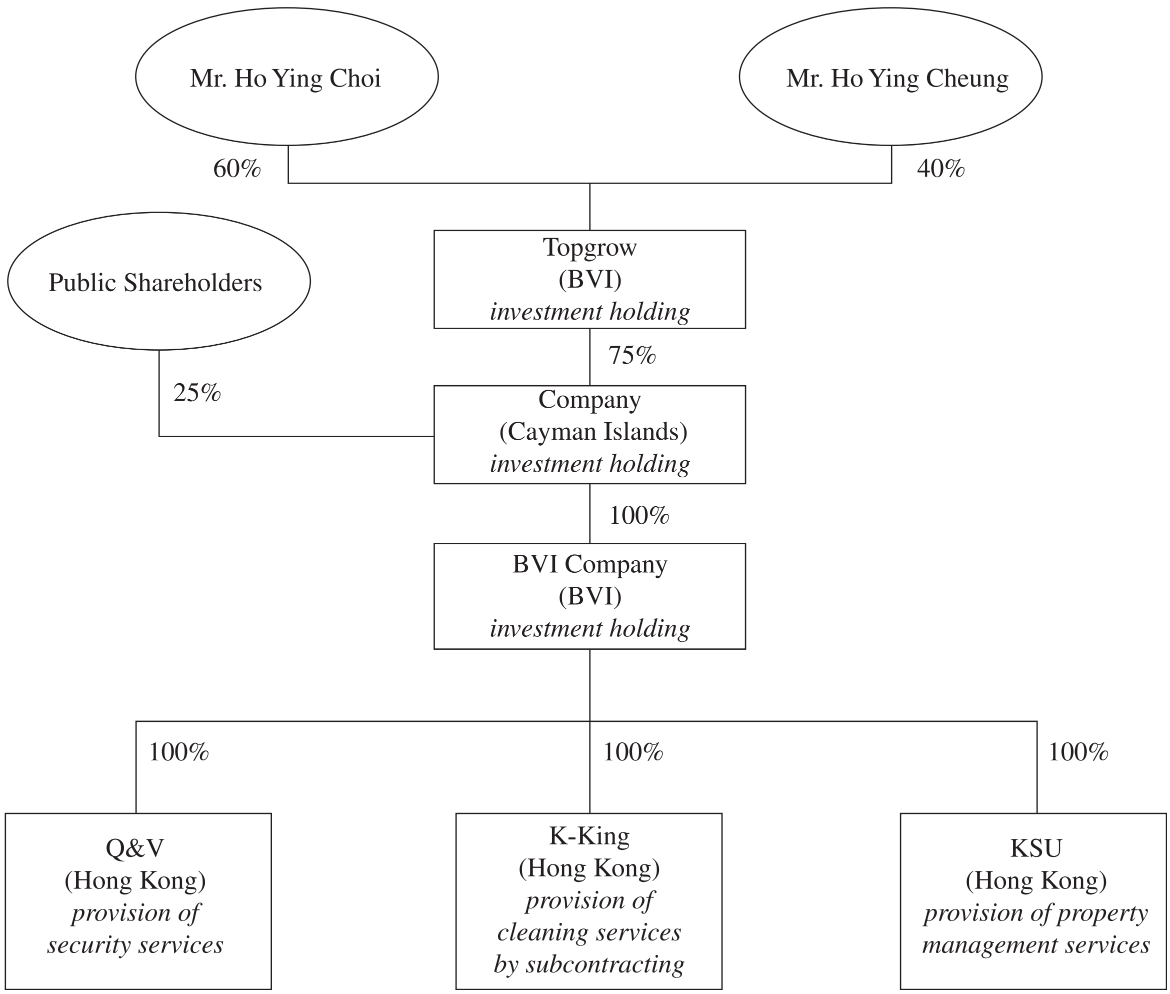
Topgrow is a company incorporated in the BVI with limited liability in November 2001. As at the Latest Practicable Date, it beneficially owned the entire issued share capital of the Company. After completion of the Capitalisation Issue and the Placing, it will beneficially own 75% of the entire issued share capital of the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following diagram illustrates the shareholding structure of the Company immediately after the Reorganisation and before completion of the Placing and the Capitalisation Issue:



The following diagram illustrates the shareholding structure of the Company immediately following completion of the Placing and the Capitalisation Issue:



REORGANISATION

The companies comprising the Group underwent a reorganisation in preparation for the Listing which involved the following steps:

(a) On 27 March 2012, KSU transferred 100,000 shares of KSU China to Super Potent Limited, representing the entire issued share capital of KSU China at the consideration of HK$1.00;

(b) On 15 August 2012, the Company was incorporated in the Cayman Islands as an exempted company. One share of the Company was allotted and issued to Codan Trust Company (Cayman) Limited, the initial subscriber, credited as fully paid, and was transferred to Topgrow on the same date;

(c) On 10 October 2012, BVI Company was incorporated in the BVI. One share of BVI Company was allotted and issued to Topgrow on the same date credited as fully paid;

(d) On 8 August 2013, BVI Company acquired the entire issued share capital of KSU from Topgrow in consideration of the allotment and issue of a total of ten ordinary shares of BVI Company of US$1.00 each, all credited as fully paid, to Topgrow;

(e) On 8 August 2013, BVI Company acquired the entire issued share capital of Q&V from Fortune Trend in consideration of the allotment and issue of a total of ten ordinary shares of Topgrow of US$1.00 each, all credited as fully paid, as to 5 ordinary shares of Topgrow to Mr. Ho Ying Choi and 5 ordinary shares of Topgrow to Mr. Ho Ying Cheung;

(f) On 8 August 2013, BVI Company acquired the entire issued share capital of K-King from Fortune Trend in consideration of the allotment and issue of a total of ten ordinary shares of Topgrow of US$1.00 each, all credited as fully paid, as to 5 ordinary shares of Topgrow to Mr. Ho Ying Choi and 5 ordinary shares of Topgrow to Mr. Ho Ying Cheung;

(g) On 8 August 2013, Mr. Ho Ying Cheung transferred 2 ordinary shares of Topgrow to Mr. Ho Ying Choi at the consideration of US$1.00;

(h) On 8 August 2013, the Company acquired the entire issued share capital of BVI Company from Topgrow in consideration of the allotment and issue of one Share, credited as fully paid, to Topgrow;

(i) On 19 September 2013, every one share of the Company of HK$0.10 was subdivided into ten shares of HK$0.01 each which resulted in the Company having an authorised share capital of HK$380,000 divided into 38,000,000 shares and an issued share capital of HK$0.2 divided into 20 shares held by Topgrow; and

(j) On 19 September 2013, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares.

OVERVIEW

The Group is a property management services group principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties. The Group operates under the brand name of "Kong Shum" and provides a wide range of management services including security, repair and maintenance, cleaning, finance management, administrative and legal support. Although the Group's principal business is the provision of property management services in Hong Kong, the Group also provides stand-alone property security services to customers mostly through Q&V. During the Track Record Period, the Group provided property security services for about 30 properties under separate security services contracts.

The Group's property portfolio comprises a range of different types of properties including residential buildings, commercial buildings, commercial centres, dual residential and commercial buildings, industrial buildings, factories, school and car parks. The category of residential properties forms the largest part of the Group's property portfolio, accounting for approximately 54% of the total number of properties managed by the Group throughout the Track Record Period. Non-residential properties and dual residential and commercial properties take up approximately 14% and approximately 30% respectively of all properties managed by the Group as at 31 March 2013. Below table sets out the categories of properties to which the Group provided services as at 31 March 2012 and 2013:

Number of Properties Falling into Respective Categories

	As at 31 March 2012	Percentage (approximate)	As at 31 March 2013	Percentage (approximate)
Residential properties	216	54.8%	219	54.2%
Non-residential properties	56	14.2%	56	13.9%
Dual residential/ commercial properties	117	29.7%	120	29.7%
Others	5	1.3%	9	2.2%
	394	100.0%	404	100.0%

Notes:

1. A property means a building/house or multiple buildings/houses covered by one DMC/sub-DMC. Sometimes, a property developer may execute separate DMCs/sub-DMCs in respect of different phases/blocks in the same development.

2. The number of properties managed by the Group is not equal to the number of services contracts entered into by the Group with the respective customers as the Group may enter into separate contracts for different services provided in respect of the same property.

3. Non-residential properties include, but are not limited to, industrial buildings, commercial centres, commercial buildings, factories and carpark complexes.

The total number of units managed by the Group increased slightly from approximately 68,400 units in March 2012 to approximately 72,000 units in March 2013.

The following table sets out the breakdown of the Group's revenue by property type during the Track Record Period:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Private properties:		
Residential development	96,166,450	101,154,822
Non-residential development *(Note 1)*	41,505,914	42,919,718
Dual residential/ commercial development	67,554,700	72,906,998
Others	852,397	852,993
Public properties:		
Home Ownership Scheme	38,711,092	39,222,630
Public rental housing estate *(Note 2)*	30,605,491	25,592,663
School	367,800	342,902
Miscellaneous revenue	890,962	1,069,798
	276,654,806	284,062,524

Notes:

1. Non-residential developments include, but are not limited to, industrial buildings, commercial centres, commercial buildings, factories and carpark complexes.

2. The public rental housing estates managed by the Group were under the Hong Kong government's tenants purchase scheme, under which tenants could elect to purchase their flats at discounted price. Thus all of these public rental housing estates have formed their own owners' corporations. As the Group was not awarded the renewal of one property management contract after a tendering process, the Group recorded decrease in revenue from this category for the year ended 31 March 2013. The revenue contribution of this property to the Group was approximately HK$6.7 million for the year ended 31 March 2012.

Below table sets out the analysis of the Group's revenue for the year ended 31 March 2013 classified by maturity of the underlying contracts by 31 March 2013:

Year(s) to maturity	**Year ended 31 March 2013**	
	HK$	*as a percentage of total revenue (approximate)*
1 year or below or with no specified maturity date	206,299,138	72.6%
1 to 2 years (2 years inclusive)	60,193,627	21.2%
2 to 3 years (3 years inclusive)	3,199,678	1.1%
More than 3 years	11,797,068	4.2%
Terminated by 31 March 2013	1,566,215	0.6%
Miscellaneous income	1,006,798	0.3%
Total	284,062,524	100.0%

The following table sets out the average management service fee per square foot by property type in March 2012 and 2013 respectively.

	March 2012			March 2013		
Property type	Minimum	Average	Maximum	Minimum	Average	Maximum
	HK$/sq ft.	*HK$/sq ft.*	*HK$/sq ft.*	*HK$/sq ft.*	*HK$/sq ft.*	*HK$/sq ft.*
Private properties:						
Residential development	0.09	0.89	5.52	0.07	0.92	5.33
Non-residential development	0.06	0.88	2.79	0.06	0.91	2.79
Dual residential/ commercial development	0.02	0.78	2.21	0.01	0.79	2.21
Others	N/A	N/A	N/A	N/A	N/A	N/A
Public properties:						
Home Ownership Scheme	0.02	0.45	1.14	0.02	0.55	1.33
Public rental housing estate	0.09	0.18	0.28	0.09	0.22	0.28
School	N/A	N/A	N/A	N/A	N/A	N/A

The following table sets out the average management service fee per square foot by property size in March 2012 and 2013 respectively.

Property size	March 2012			March 2013		
(Gross floor area)	Minimum	Average	Maximum	Minimum	Average	Maximum
	HK$/sq ft.	*HK$/sq ft.*	*HK$/sq ft.*	*HK$/sq ft.*	*HK$/sq ft.*	*HK$/sq ft.*
Over 100,000 sq ft.	0.02	0.43	1.19	0.01	0.45	1.19
Between 100,000 sq ft. and 50,000 sq ft.	0.29	0.67	1.70	0.29	0.67	1.71
Less than 50,000 sq ft.	0.09	1.13	5.52	0.09	1.14	5.33

Notes:

1. Management service fee means the monthly contractual service fees payable by customers to the Group under the relevant property management services contracts between the Group and the customers.

2. The floor area used in the calculation is the properties' gross floor area managed by the Group.

3. Properties for which the Group only provided security services or clerical assistance were excluded. All schools were under security services contracts in March 2012 and 2013.

4. The gross floor area is obtained from the floor plan of the relevant property as downloaded from the website of the Buildings Department of the Hong Kong Government.

5. Among the 394 and 404 properties under the Group's management in March 2012 and 2013 (excluding 15 and 20 properties for which the Group only provided security services and 4 and 4 properties for which the Group only provided clerical assistance as mentioned in note 3 above), 44 and 47 properties are not included in the calculation as their respective gross floor area was not available due to the following reasons:

   — no floor plan is available from the website of the Buildings Department of the Hong Kong government for the particular property; or

   — although floor plan is available from the website of the Buildings Department of the Hong Kong government for the particular property, no information on the gross floor area is provided or the figures are blurred and are not readable or cannot be ascertained mainly because of poor quality of the image.

6. The management service fees of some properties were less than HK$0.18 per sq. ft. No security services were provided to most of these properties and thus the management fees received were significantly lower than the Group's average management service fee.

The Group's customers include owners' corporations, other entities such as sole owners, owners' committees and developer, and government bodies such as the Housing Authority and the Education Bureau. Owners' corporations accounted for over 90% of the Group's total number of customers as at 31 March 2012 and 2013.

The table below sets out the breakdown of properties served by the Group by completion year as at 31 March 2013:

Year of completion	**Number of properties**
Before 1950	1
From 1950 to 1959	7
From 1960 to 1969	75
From 1970 to 1979	121
From 1980 to 1989	109
From 1990 to 1999	60
After 1999	18
Unknown	13
Total	404

Note: Data in the above table is extracted from (i) permit to occupy a new building as issued by the Building Authority; (ii) database of private buildings in Hong Kong as maintained by the House Affairs Department; (iii) memorial of an instrument to be registered in the Land Registry; or (iv) the website of the Housing Authority. The years of completion for thirteen properties are shown as unknown in the above table, as no information can be ascertained from the above four sources.

As at the Latest Practicable Date, the Directors were only aware of one property which was under outstanding government orders to repair/install fire safety equipment or installations. The owner's corporation of the relevant property has already appointed a construction consultant and is in the course of engaging the contractor to carry out the repair/improvement works. On such basis, the Directors are of the view that properties managed by the Group are generally in acceptable conditions. The legal advisers to the Company further opined that the Company had no obligation to ensure compliance by the owners' corporations' or property owners with the relevant rules and regulations of the Buildings Department of Hong Kong. While the largest property estate managed by the Group in December 2012 has over 7,000 units, more than 90% of the properties managed by the Group have less than 350 units.

For each of the years ended 31 March 2012 and 2013, the Group derived revenue of approximately HK$276.7 million and HK$284.1 million from the provision of management and security services respectively. As the Group provides property security services to customers under separate security services contracts mostly through Q&V, the Group's revenue also includes services fee income for its security services. The following table sets out the Group's revenue by contract type during the Track Record Period:

	Year ended 31 March			
	2012		2013	
	HK$	as a percentage	HK$	as a percentage
Property management services contracts	260,678,340	94.2%	266,676,624	93.9%
Property security services contracts	15,976,466	5.8%	17,385,900	6.1%
	276,654,806	100.0%	284,062,524	100.0%

On 1 May 2011, the statutory minimum wage was implemented for the first time and was dictated at HK$28.00 per hour. On 1 May 2013, the statutory minimum wage was revised to HK$30.00 per hour. The implementation of statutory minimum wage affected both the staff cost and revenue of the Group for the year ended 31 March 2012. The Group's total staff costs (excluding directors' remuneration) have increased from approximately HK$178.2 million for the year ended 31 March 2011 to approximately HK$234.7 million for the year ended 31 March 2012. Meanwhile, the Group's revenue also experienced a considerable increment, from approximately HK$19.3 million in April 2011 by 19.3% to HK$23.1 million in May 2011, mainly due to the upward adjustment of contractual service fee income after renegotiation with customers.

BUSINESS MODEL

The Group is a property management services group principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties. The Group operates under the brand name of "Kong Shum" and provides management services including security, repair and maintenance, cleaning, finance management, administrative, clerical assistance and legal support. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned. The Group hires its own security staff to provide property security services. It also employs registered technicians to provide basic maintenance to its customers if required. The Group subcontracts substantially all of its cleaning services to third-party contractors.

Although the Group's principal business is the provision of property management services in Hong Kong, the Group also provides stand-alone property security services to customers mostly through Q&V. During the Track Record Period, the Group provided property security services for about 30 properties under separate security services contracts. The Group regards the property security services as an element that is ancillary to its property management business as (i) for most of the Group's property management services contracts, property security services are included as an integral aspect of property management; and (ii) there are no significant differences in the operation flow between provision of property management services and property security services.

PRINCIPAL COMPETITIVE STRENGTHS

The Group competes with other property management companies in bidding for management contracts of both private and public properties. The Directors believe that the Group's following competitive strengths are key to its proven track record which will contribute to the stability and future growth of the Group.

(1) The Group has a sound quality control and business process system

The Group has a sound quality control and business processing system. The Group has been accredited with the ISO 9001:2008 Quality Management System, the ISO 14001:2004 Environmental System and OHSAS 18001:2007 Occupational Health and Safety. The Group adopts a set of stringent internal control policies in accordance with the relevant ISO requirements. With the stringent internal control policies in place, the Group could consistently deliver quality services to customers to meet their requirements. A systematic evaluation is also in place to carry out system enhancement to achieve customer satisfaction.

(2) The Group has a wide customer base implying less reliance on any particular customers

The Group is currently managing around 400 properties. Instead of relying particularly on a few major sources of revenue, the Group has widely spread sources of income from many customers. The termination of any single contract would have limited effect on the Group's income flow. On the other hand, the Group's management portfolio comprises a range of property types apart from residential properties, such as commercial properties, commercial centres, industrial properties, factories, car parks and schools, which has enabled the Group to establish a broad base of property management expertise to further expand its portfolio.

(3) The Group has a professional management team with accredited qualifications and substantial experience

As at the Latest Practicable Date, 15 full-time staff of the Group were members of at least one of the following professional bodies: (i) The Hong Kong Institute of Housing; (ii) Chartered Institute of Housing; (iii) Registered Professional Housing Manager; and (iv) Royal Institution of Chartered Surveyors; and at least 6 of them have more than ten years of experience of property management in Hong Kong after being awarded the qualification.

In addition to the above competitive advantages, the Directors believe that, with a proven track record in the Hong Kong property industry together with a solid recurrent income base, the Group is well positioned to seek new opportunities in management of facilities and factories amid its future plans.

QUALIFICATIONS, CERTIFICATIONS, AWARDS AND COMPLIANCE

Qualifications

In order to provide property management or security services and offer particular management solutions, a property management or security company has to obtain certain license(s) under the laws of Hong Kong or necessary membership. Details of the above are set forth under the section headed "Regulatory Overview" in this prospectus. The following table sets out the qualifications and licences held by the Groups as at the Latest Practicable Date:

Relevant Hong Kong government departments or statutory bodies	Description	Qualification	Holder	Period of validity
Security and Guarding Services Industry Authority	Security company license	Type I — Provision of security guarding services	KSU	15 August 2012– 14 August 2017
Security and Guarding Services Industry Authority	Security company license	Type I — Provision of security guarding services	Q&V	15 August 2010– 14 August 2015
Housing Authority	Housing Authority Approved List of Security Service Contractors — Band IIB	Eligible for tender invitation of Housing Authority contracts	Q&V	N/A *(Note)*
Housing Authority	Housing Authority Approved List of Property Services Agents — Group PS1	Eligible for tender invitation of Housing Authority contracts	KSU	N/A *(Note)*
Home Affairs Bureau	Building Management Agents List	Eligible to be appointed as a Building Management agent under Building Management Ordinance Ch. 344 s40B-D	KSU	N/A

Note: Although annual renewal is required, the validity period is not stated. The Group received from the Housing Authority annually a letter of request for payment of annual renewal fee to retain its position on the list.

Q&V was admitted to the Housing Authority approved list of security service contractors — Band II group B in 2004. Pursuant to the HA Guide, the minimum requirement on company experience of security services contracts in Band II group A should possess at least three years' experience in providing security guarding services to residential/commercial buildings and should generate at least HK$20 million annual turnover (half of the turnover should be from residential buildings) in provision of security guarding services in Hong Kong. The turnover of Q&V was lower than HK$20 million for the year ended 31 March 2012 according to its audited financial statements. Thus, Q&V was not promoted to the Band II group A under the Housing Authority list of security services contracts.

Apart from provision of security services which requires a permit under the Security and Guarding Services Ordinance, the provision of other property management services is not regulated by a license system. Admission to the Housing Authority approved list of property services agents or security service contractors are necessary for tendering of property management contracts or security services contracts for the Housing Authority's estates. Admission to the list of building management agents maintained by the Home Affairs Bureau is necessary to be appointed as building management agent by the Secretary for Home Affairs or by order of the land tribunal in Hong Kong pursuant to the Building Management Ordinance.

Assuming that the Placing Price is HK$0.4 per Placing Shares (being the mid-point of the proposed price range), the Group expects to incur listing expenses of approximately HK$15.6 million, of which approximately HK$10.5 million has been/will be charged to the Group's profit and loss account prior to or upon completion of the Listing. It is expected that approximately HK$6.2 million will be charged to the Group's profit and loss account for the year ending 31 March 2014. It is also one of the Group's business strategies to implement the old district property management scheme, please refer to the section headed "Business Objectives and Strategies" in this prospectus for details, yet no expenditure on the old district property management scheme is expected to be financed by listing proceeds before 31 March 2014. The Group's financial performance for the year ending 31 March 2014 is expected to be materially and adversely affected by the estimated expenses in relation to the Listing. According to the HA Guide, KSU is required to maintain HK$0.5 million or 20% of total assets of employed capital (whichever is higher) and Q&V is required to maintain HK$0.15 million or 20% of total assets of employed capital (whichever is higher). The legal advisers of the Company opined that the HA Guide has no financial requirement governing the holding companies of KSU and Q&V. Although the Group's financial performance for the year ending 31 March 2014 is expected to be materially and adversely affected by the estimated expenses in relation to the Listing, the listing expenses will mainly be incurred by the Company instead of KSU and Q&V, the Company's subsidiaries. Having considered the above reason, and a number of factors and documents including (i) the fact that KSU and Q&V did not have any conviction and did not receive any demerit point since the Track Record Period; (ii) the Group's documents showing the experience, qualification and experience of its staff; (iii) the Group's internal control review results; (iv) the Group's code of conduct; (v) the Group's safety, health and environment measures; and (vi) the Group's financial projection of the Group up to the year ending 31 March 2014, it is the Directors' view, and the Sponsor concurs, that the projected adverse impact of listing expense on the Company's financial statements will not affect KSU and Q&V's retention on the Housing Authority's list and there is no impediment for the renewal.

Certifications

The following table sets out the Group's major certifications:

Nature	Certification	Awarding organisation or authority	Recipient	Period of validity
Quality Management System Accreditation	ISO 9001:2008	Accredited Certification International Limited	KSU	29 June 2013–14 July 2016 *(note 1)*
Occupational, Health and Safety System Accreditation	OHSAS 18001:2007	Accredited Certification International Limited	KSU	29 June 2013–10 July 2016 *(note 1)*
Environmental Management System Accreditation	ISO 14001:2004	Accredited Certification International Limited	KSU	29 June 2013–14 July 2016 *(note 1)*
Membership of Professional Body	Membership	The Hong Kong Association of Property Management Companies Limited	KSU	7 October 1997 onwards *(note 2)*
Membership of Professional Body	Corporate Membership	Asian Professional Security Association Hong Kong Chapter	Q&V	1 January 2012–31 December 2013 *(note 2)*

Note 1: Subject to the continued satisfactory operation of the recipients' management system and surveillance audits. The certification was issued by Accredited Certification International Limited ("**ACI**"). According to ACI, the system manual prepared by its clients is submitted to ACI for assessment. Non-conformities against standard specification shall be addressed, revised and reassessed until all the requirements have been met. ACI would perform certification audit covering all core functions of an organisation based on sampling approach. Besides, clients have to conduct at least 1 complete internal audit and 1 complete management review. During its certification audit, ACI auditors will verify the implementation of management system which is in accordance with the standard specification, ACI regulations and other relevant internal or external requirements. Upon successful completion of certification audit, audit results would be consolidated and submitted to ACI for approval of certificate issuance. Routine surveillance visits will be conducted to assure certificate maintenance and continuous improvement.

Note 2: There is no annual renewal requirement of the membership apart from the payment of annual fee, if any.

Awards and recognition

The following table sets out the Group's major awards and recognition obtained in recent years:

Year(s) of award	Recipient	Award	Awarding organisation or authority
2010	KSU	Caring Company for 5 consecutive years 2005–10	The Hong Kong Council of Social Service
2012	KSU	Caring Company 2011/12	The Hong Kong Council of Social Service
2011	KSU	Security Services Best Training Award 2011 — Award of Bronze (Licensed Security Company — Type I (Security Employees Number at 501 or above))	Vocational Training Council and Hong Kong Police Force Crime Prevention Bureau
2004, 2004 and 2007	KSU	The 8th, 9th and 11th Employers Gold Star Award	Employees Retraining Board
2006 and 2008	KSU	The 10th and the 12th Certificate of Outstanding Performance	Employees Retraining Board
2005, 2007 and 2008	KSU	Caring Community Award	Hong Kong Children & Youth Services
2005	KSU	The Best Employer	Hong Kong Workers' Health Centre

For the licences, registration or qualifications of the Group's employees, please refer to the subsection headed "Employees" of this section.

Compliance

The Directors confirmed that as at the Latest Practicable Date, the Group had obtained all the approvals, permits, consents, licences and registrations required for the Group's business and operations and all of them were in force.

SERVICES

The Group provides property management services. The detailed scope of property management services is subject to the management contract between the Group and individual customer and varies from one contract to another. The scope of property management services delivered by the Group generally include the following areas:

Management activities

Management activities are an important part in property management to ensure quality of services. The Group assigns a team of staff to oversee the day-to-day delivery of services. Property officers are responsible for the regular inspection of the management of the properties assigned to them. They are also responsible for monitoring the hygiene level of the estate, garbage collection facilities and arrangement of disposal of garbage. The Group coordinates the regular inspection of building facilities including lighting systems, water supply systems, drainage pipes, fire alarm systems, fire extinguishing systems, ventilation systems and lifts by various specialist contractors. Urgent repair works are arranged or directly performed by the maintenance department of the Group or the on-site maintenance team of the relevant property. On a monthly basis or upon request of customers, the current conditions of the estate's facilities are reported and necessary repairs are proposed if there are any significant defects which can be a potential threat to the safety of residents. Property management teams monitor renovation and maintenance projects taking place within the area of the estates. All residents complaints are generally handled by district managers and, where appropriate, are reported to property officers and managers for further follow-up.

Security

KSU and Q&V both possess security company licences issued by the Security and Guarding Services Industry Authority pursuant to the Security and Guarding Services Ordinance. Qualified to employ direct security staff and provide security guarding services, the Group has a team of more than 1,700 security staff in service as at 31 March 2013. The Group provides security services to ensure that the properties are well maintained and safety of residents and users of properties are protected.

In general, daily security management services provided by the Group include patrolling, man-guarding the entrance lobby, access control, making records of visitors and stopping trespassers, handling complaints and special requests, settling and reporting disputes amongst residents, reporting for duty during extreme weather conditions and monitoring the performance of public facilities such as lifts. For properties of larger scale, the Group's security services also include traffic control within the area and issuing warnings to unauthorised parking. Besides, the Group operates a 24-hour centralised control room with the responsibility of coordinating communication between security guards, monitoring their area of duty, acting as the centre to communicate with headquarters and coordinating the tasks of security guards in cases of emergency. As at 29 August 2013, all of the Group's security staff possess either category A or category B security personal permit. Apart from daily security management routines, the Group sometimes also advises its customers on security plan and manpower requirement, having regards to the customers' floor plans and other relevant requirements.

Although most property management services contracts include security services, some of the Group's customers separate security services element from their property management services contracts and assign security services to other security services companies. While Q&V is a security services provider under the Group, it also bids for and provides stand-alone property security services under those stand-alone property security services contracts. During the Track Record Period, the Group provided property security services for about 30 properties under stand-alone security services contracts.

Repair and maintenance

In general, the Group takes on a minimum level of repair and maintenance to ensure that the buildings under the Group's management are generally safe and in good repair. The Group's obligation to carry out repair and maintenance of the buildings and facilities stems from the Group's property management contracts with its customers. The Group would normally carry out minor maintenance and urgent maintenance of a specified amount up to HK$30,000 as set out in the property management contracts. On the other hand, the Group is also required to make recommendations with regards to the repair and maintenance of buildings and building facilities, or with prior consent of its customers, coordinate and appoint the contractors to carry out the repair and maintenance work designated by the customers.

The Group's maintenance services are delivered either by on-site maintenance technicians or the Group's maintenance team. On-site maintenance technicians are provided if the Group has contractually agreed with its customers for such services, usually for larger scale estate-type customers. The Group assigns the number of technicians as specified in the property management contracts to station and work daily at the customers' sites, and the on-site technicians respond to request for repairs and perform regular inspections. For other customers without requiring on-site maintenance technicians, the Group's maintenance team will carry out the repair and maintenance work if such needs arise. As at 29 August 2013, all of the Group's 38 maintenance employees were grade A or grade B registered electrical workers. Accordingly, only basic or simple repair and maintenance work in relation to electrical fittings can be performed by the Group's maintenance employees. Other maintenance or repair work such as lift maintenance and security system maintenance can only be performed by specialist contractors. The Group would coordinate and assist customers in engaging such specialist contractors.

Cleaning

To maintain a hygienic living environment for the residents or users of buildings under the Group's management, the Group offers different levels of cleaning services in accordance with the contract terms. This varies in terms of scope of cleaning services, frequency of cleaning and number of cleaning staff required. Scope of cleaning services include basic garbage collection, cleaning and sometimes sterilisation of building facilities and landscape maintenance. Service level of cleaning services is defined in the contract between the Group and its customers.

Save for some on-site technicians responsible for landscape maintenance, the Group only has limited number of direct staff in providing cleaning services. Substantially all of the Group's cleaning services are subcontracted to third-party contractors. In delivering landscape maintenance services, the Group's on-site technicians perform basic gardening works of watering and grass-cutting according to the scope of work as specified in the contracts.

Although some property management services contracts include cleaning services, some of the Group's customers separate cleaning services element from their property management services contracts and assign cleaning services to other cleaning services providers.

Finance Management

Most of the Group's customers are owners' corporations of properties and do not hire permanent staff to handle daily operations. Pursuant to the Building Management Ordinance, the Group as the property manager for its customers is required to prepare annual budgets for management expenses and prepare income and expenditure statements. Generally, the Group is responsible for finance management of its customers in respect of (1) management fee collection; (2) disbursement of owners' corporations' expenditure; (3) recording and maintaining the account of owners' corporations; and (4) preparation of annual budgets.

As set out in the subsection headed "Tendering and Revenue" in this section, the Group's revenue is the contractual services fees received from the Group's customers. The contractual services fee is distinct from the property management fees paid by residents, which is the income of the owners' corporations. The Group is generally responsible for collection of property management fees on behalf of its customers. Property management fees are normally received by cash, cheque or autopay. For payments overdue for a month, property managers will in general issue the first letter of notification to the relevant residents. When the payments are overdue for two months, second reminder will be sent to the relevant residents. The property management agreements normally authorise the Group to conduct litigation on behalf of the customers. After the third month of overdue, the Group will file court proceedings to Small Claims Tribunal on behalf of the customers to recover the outstanding management fees.

Sometimes the Group is also responsible for making payments on behalf of the customers in accordance with their budgets and the terms in property management contracts. Budgets of owners' corporations are prepared by the Group and approved by the owners' corporations. For non-routine expenditure or expenditure exceeding an amount specified in the relevant contracts, up to HK$50,000 or expenditure that is not budgeted, the Group will seek owners' corporations' approval for payments. Depending on the arrangement with its customers, the Group handles its customers' cash in the following ways:

Customers with bank accounts held on trust by the Group:

1. The Group collects management fees and pays expenditure on behalf of some customers. In the past, no separate account was kept for the customers' money for some of these customers. Since December 2012, the Group maintains individual segregated interest bearing accounts on trust for all of these customers. These bank accounts held on trust for and on behalf of customers are sometimes known as "client accounts". These bank accounts are opened in the names of the Group and the relevant property, such as "Kong Shum Union Property Management Company Limited — Property name". The management fees received from tenants or owners of the properties are deposited into these client accounts and expenditure of these customers is paid from these accounts. As at 31 March 2013, 33 customers were under this cash management arrangement.

2. Some customers have their own bank accounts for receipt of management fees. Since payment of their expenditure is handled by the Group, these customers allow the Group to hold some of their funds in separate bank accounts on trust for the customers (i.e. client accounts, and different from the customers' own bank accounts), and payment of disbursements and expenses are drawn directly from the client accounts by the Group. These

bank accounts are opened in the names of the Group and the relevant property, such as "Kong Shum Union Property Management Company Limited — Property name". These customers inject a pre-agreed amount of cash into their client accounts which serves as the operation fund for the Group to make payments of expenditure. Customers will replenish the fund in the client accounts from time to time. Management fees collected are deposited directly into the customers' own bank accounts. The cash balances of these customers are not recorded in the financial statements of the Group. Some of these customers request the Group to present performance bonds issued by a bank in their favour. As at 31 March 2013, 6 customers were under this cash management arrangement.

The Group shall only use the client's money maintained in the client account for the management of the building. In respect of the client's money deposited in these client accounts, the Counsel opines that the Group acts as a trustee holding the money on trust for its customers. The client's money kept in these accounts beneficially belongs to the client and is not available for distribution to the Group's creditors upon liquidation. As a trustee of the client account, the Group owes a duty of care and due diligence to its customers. It has to exercise due care and diligence in choosing the bank for the client account. The Counsel opines that such duty would be fully discharged so long as the bank chosen by the Group is a reputable bank. As regards credit risk associated with such accounts, the Counsel further opines that in the event of winding up of the bank, any loss due to non-recovery from the liquidated bank shall be borne by its customer. The Group does not have to bear the risk so long as the bank with which such accounts are opened and maintained is a reputable bank. As at 31 March 2013, these client accounts were maintained with reputable banks in Hong Kong, namely The Hongkong and Shanghai Banking Corporation Limited, DBS Bank (Hong Kong) Limited, Bank of China (Hong Kong) Limited, The Bank of East Asia Limited and Wing Hang Bank Limited.

Upon reviewing the 401 services contracts in force as at 31 March 2013, the Counsel opines that as regards the rewards of client's money, none of the services contracts gives the Group any power of investment of the client's money, therefore, the question of risks and rewards of investment of the client's money does not arise. With regard to the interest accrued in bank accounts, the Counsel opines that 2 out of 401 services contracts contain express provisions that upon termination of contract, the funds held by the Group in client accounts shall be returned to the owners' corporation together with the interest accrued thereon. This requirement is in line with the general legal principles that apply to other client accounts.

With regard to the risks associated with the maintenance of client's money in bank accounts in the event of problems with the bank concerned, the Counsel opines that none of the services contracts contains any provisions to deal with the aforesaid risks. In the absence of express terms in the services contracts, the Counsel opines that the client's money kept in the client accounts belong to the customer concerned. So long as the bank with which such accounts are opened and maintained is a reputable bank, the risk of loss in the event of problems with the bank is to be borne by the customers. The interest accrued in such client accounts will belong to the customers.

The client accounts held on trust for the customers are not recognised as assets and associated liabilities in the financial statements of the Group. In determining whether these client accounts should or should not be recognised as assets and associated liabilities in the financial statements of the Group, the Directors consider whether the nature of these client accounts can satisfy the assets recognition guidelines as per paragraph 4.4 (a) of the "Conceptual Framework for Financial Reporting 2010" issued by the Hong Kong Institute of Certified Public Accountants as well as making reference to the legal opinion of the Counsel in relation to these client accounts.

The Directors consider the accounting treatment not to recognise these client accounts as assets and associated liabilities in the financial statements of the Group is appropriate since: (i) these client accounts are held on trust for and on behalf of and beneficially belong to its customers; (ii) the Group has no control over these client accounts and no future economic benefits are expected to flow to the Group from these client accounts; and (iii) the Group does not have to bear the credit risk associated with these client accounts since all these client accounts are maintained with reputable banks in Hong Kong.

It is the view of the Reporting Accountants that the accounting treatment of not recording the cash balances in the client accounts of these customers in the financial statement of the Group is in accordance with the assets recognition guidelines stated in the "Conceptual Framework for Financial Reporting 2010" issued by the Hong Kong Institute of Certified Public Accountants. According to the assets recognition guidelines as per paragraph 4.4 (a) of the "Conceptual Framework for Financial Reporting 2010" issued by the Hong Kong Institute of Certified Public Accountants, "an asset is a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity". In summary, the Group, although is authorised to operate these bank accounts, has no control over the funds of these client accounts as these client accounts have to be operated by the Group only for the purpose of its customers and cannot be utilised by the Group for its own use or any unauthorised purpose. No future economic benefits are expected to flow to the Group as the funds in these client accounts cannot be utilised by the Group for its own use and all interest earned from the balances of these client accounts, if any, belongs to the respective customers, but not the Group. Since (i) these client accounts cannot satisfy the assets recognition guidelines mentioned above in terms of control as well as future economic benefits, and (ii) the Group does not have to bear the credit risk associated with these client accounts as they are opened and maintained with reputable banks in Hong Kong, these client accounts are not recognised as assets and associated liabilities in the financial statements of the Group.

The Group does not hold any "trust account" that was established with trust deeds.

Customers without bank accounts held on trust by the Group:

3. Some customers have their own bank accounts for receipt of management fees, and their expenditure is also handled by the Group. These customers pay cash deposits of approximately one to two months management fees to the Group in advance for settlement of their own expenditure. The net balance of the deposit (net of expenditure paid) is recorded in the Group's financial statements as other payables due to customers. Meanwhile, management fees collected are deposited directly into the customers' own bank accounts. As at 31 March 2013, 48 customers were under this cash management arrangement.

4. A number of other customers have their own bank accounts for receipt of management fees, and their expenditure is also handled by the Group. These customers do not pay cash to the Group in advance for settlement of their own expenditure. Meanwhile, management fees collected are deposited directly into the customers' own bank accounts. As at 31 March 2013, 142 customers were under this cash management arrangement.

5. A number of other customers have their own bank accounts for receipt of management fees (if applicable) and handle their expenditure by themselves. Management fees collected are deposited directly into the customers' own bank accounts and these customers arrange payments for bills received through their own bank accounts. Unlike the above-mentioned cash management arrangements, the Group does not handle the expenditure for the customers. As at 31 March 2013, 168 customers were under this cash management arrangement.

Note: As two customers have multiple contracts with the Group that fall under different cash management arrangements, the total of number of customers under various cash management arrangements is more than 395, the total number of customers of the Group as at 31 March 2013.

The Group's accounting department is divided into 2 divisions, namely, the customer division and company division. The customer accounting division is responsible for the accounting and treasury of its customers, whilst the company accounting division is responsible for the internal accounting and treasury of the Group. Duties and responsibilities of the staff of the two divisions are generally segregated.

The way the Group handles the customers' cash depends on whether or not the customer has its own bank account, or whether the Group holds the account on trust for the customer. The internal controls in particular in respect of handling of customers' cash are as follow:

Customers with bank accounts held on trust by the Group:

Receipt (if applicable)

- After collecting the management fee from the residents in cash, the Group's security staff or property officers are responsible for depositing the cash into the respective customer bank accounts, which are also held on trust by the Group. The bank account numbers of these client accounts are different from the account number of the Group's own bank accounts, so the chances of the Group's staff wrongly depositing the customers' cash into the wrong bank account are remote.

- For receipt of cheques, the payee account name would be the full name of the client account maintained by the bank. The client account's name must correspond to payee name, otherwise the cheque would not be successfully deposited. The payee account name of the customers' bank account is different from that of the Group, so the chances of the cheque being deposited into the wrong bank account is remote.

Payment

- Staff of the customer accounting division handles cheque books for the customers' bank accounts. They have no access to the cheque books for the Group's bank accounts. When the Group draws a cheque on behalf of its customers, the cheque is reviewed by the Group's accounting supervisor to ensure the cheque is paid out of the correct customers' bank account.

Customers without bank accounts held on trust by the Group:

Receipt (if applicable)

- The Group's customer accounting division is responsible for recording payments made to its customers based on the deposit slips received. On a monthly basis, the Group's customer accounting division records the amount of payments received by the customers in that month.

- Staff of the company accounting division is responsible for monitoring and recording payment made from the Group's bank accounts. Their duties are segregated from that of the customer accounting division. Monthly bank reconciliation is prepared by staff of the company accounting division to identify discrepancies with the amount of cash receipt recorded by customer accounting division. If there are any discrepancies, the customer accounting division will follow up and identify the errors in the records.

Payment (if applicable)

- Upon receiving invoice for customers' expenditure, the Group's company accounting division will check the name of the customer being billed.

- Cheque payments made on behalf of customers are reviewed by the Group's accounting supervisor, and further reviewed and approved by the Group's senior administrative and accounting manager, regardless of the amount involved. Their reviews ensure that the name of the customer being billed and that the customers' bank account are correctly recorded.

As at 31 March 2012 and 2013, the aggregate amount in the bank accounts that the Group held on trust for its customers were approximately HK$18.8 million and HK$22.2 million respectively.

The Company will disclose the amount of money held under client accounts and the amount of performance bond in its annual reports and half-year reports.

In addition to preparation of owners' corporations' budgets, the Group in general prepares the owners' corporations' management accounts and holds individual customers' bank accounts to facilitate making of payments on behalf of the owners' corporations. The owners' corporations' management accounts are prepared by the Group's accounting department.

Administrative and legal support

The Group supports the administrative work of its customers in various ways. The administrative support include (1) preparing and posting public notices of events and concerns in the buildings' public area; (2) preparing agenda and minutes for meetings of the owners' corporations; (3) drafting correspondence on behalf of the owners' corporations; and (4) coordinating the performance of various property management functions by the Group or other subcontractors or specialist contractors.

Disputes, mostly for overdue payment of management fee, sometimes arise between customers and residents or other users of buildings. The Group assists customers to coordinate and handle claims and litigation matters, such as filing for the recovery of management fees from residents and liaising with lawyers where necessary. The Group also retains legal adviser who may give verbal advice to the Group's customers on simple legal matters.

Depending on the scope of services as specified in the property management agreements, some property management services are beyond the responsibility of the Group. They may include security, cleaning and repair and maintenance. In such case, the customers have to assign the work to third parties, normally through a tendering process. The Group assists customers in administrative work in relation to publishing tender documents, reviewing tender documents and engaging contractors.

SUBCONTRACTING

The Group provides property management services including security, repair and maintenance and cleaning pursuant to the services contracts with customers. Save for cleaning services, most of these services are provided by the Group's own staff. The Group subcontracts substantially all of the cleaning services to third-party contractors for property management contracts that include the provision of cleaning services, as the Directors believe that it is more cost effective and flexible to subcontract the cleaning services to third-party contractors.

The Group maintains an approved cleaning subcontractors list. The criteria by which the Group selects subcontractors are, inter alia, (i) service quality; (ii) size and reputation of the subcontractors; (iii) possession of any ISO certification(s); (iv) price and payment terms; (v) availability of desired services and cleaning solutions; and (vi) experience. Depending on requirements of the Group's customers and the size of their properties, different scale and service capabilities of cleaning subcontractors are required. The approved cleaning subcontractors vary in terms of scale and service capability. Based on the requirements of customers, the Group will shortlist the suitable cleaning subcontractors and engage the subcontractor by tender. Consent from customers for the choice of subcontractors are required pursuant to certain property management contracts with customers.

The Group engaged about 70 and 55 subcontractors for each of the year ended 31 March 2012 and 2013 respectively. For cleaning services, the scope and level of services varies from one property to another. Thus a separate subcontracting agreement is entered into between the Group and the selected subcontractor for each such property, which respectively defines the scope and level of services, such as number of cleaners, frequency of sterilisation, etc. The salient terms of a typical subcontracting agreement are set out below:

Obligations:	The respective subcontractor is responsible for the relevant supplies, cleaning tools, equipment, cleaning staff's salary and insurance.
Termination:	If the respective subcontractor fails to fulfill its obligations, after receiving two warnings, the agreement will be terminated with immediate effect without any compensation.
	The agreement can be terminated by either party by 7 days written notice (or one month written notice in some cases).

Some subcontracting agreements also contain the provision that the agreement can be terminated with immediate effect without any prior notice if the corresponding agreement between the Group and its customer is terminated. No fixed term is specified in most of these agreements. However most of these agreements can be terminated by either party giving 7 days' written notice (or one month written notice in some cases). No credit term is generally granted by the Group's subcontractors. The cleaning services charges are paid by the Group to the subcontractors on a monthly basis. To the best knowledge and belief of the Directors, it is an industry norm that cleaning services charges are paid to property cleaning subcontractors on a monthly basis and no further credit term is granted by property cleaning subcontractors in Hong Kong.

The subcontracting fees payable to the largest subcontractor accounted for approximately 28.9% and 28.1% of the total subcontracting charge of the Group for each of the years ended 31 March 2012 and 2013 respectively, and the subcontracting fees payable to the largest five subcontractors accounted for approximately 70.0% and 70.4% of the total subcontracting charge of the Group for each of the years ended 31 March 2012 and 2013 respectively. None of the Directors or the Substantial Shareholders or their associates have any interest in the Group's largest five subcontractors.

With the implementation of minimum wage regime in May 2011, during the year ended 31 March 2012, 33 customers terminated the cleaning services while retaining other services under the existing property management contracts. The total average monthly subcontracting charge incurred by the Group in respect of these customers for the year ended 31 March 2012 is approximately HK$0.2 million.

If an accident occurred whilst the subcontractor was performing its duties, the subcontractor would be directly liable to the injured third party's claim. However, as K-King is the principal contracting party to most of the Group's subcontracting agreements, K-King may be also held liable for any damages awarded to the injured party. Nevertheless, it is a condition under the Group's subcontracting agreements that the subcontractor should maintain its own public liability policy. Hence, the Directors are of the view that the risk of K-King also being held responsible for any accidents which occur whilst the subcontractor is on duty is minimal.

During the Track Record Period, the Group did not record any material accident suffered by its subcontracting workers in performance of their duties for the Group.

Oversight of subcontractors

To ensure the quality of the services provided by its subcontractors, property management teams are required to perform regular and ad-hoc inspection on the designated buildings. Regular inspections are carried out usually on a weekly basis during which the property management team will run through a standard checklist and evaluate the cleanliness of all concerned areas within the buildings. Any below-standard situation will be recorded and reported to the management directly during the daily morning briefings. The issues will be followed up by the property management team with the involved subcontractors. Repeated failure to meet expected service standard may lead to termination of contracts with the relevant subcontractors by the Group.

TENDERING AND REVENUE

The Group has commenced business since 1984 and has established a wide customer base comprising almost 400 customers. The principal market of the Group is Hong Kong and all properties under the Group's management are situated in Hong Kong. The categories of properties managed by the Group include public and private residential estates and buildings, commercial buildings, mixed use (residential and commercial) buildings, shopping malls as well as factories. Public residential estates include public rental housing and housing under the Home Ownership Scheme. Pursuant to the Building Management Ordinance, appointment of new property management companies by owners' corporations should normally be made by invitation to tender.

Tendering

Property management contracts in Hong Kong, whether in the public or private sector, are normally awarded by way of open tenders or invited tenders. For open tender, public invitations are published in newspapers and interested parties may submit tenders. For invited tender, shortlisted service providers are invited to join the tender by letter of invitation.

The Group has established a series of procedures to participate in a tender. On a daily basis, staff of the administrative department search from selected local newspapers for suitable tendering advertisements placed by potential customers who are recruiting property management companies and security services providers. Depending on the size and scale of the projects advertised and scope of services required, the tender preparation documents are processed by the marketing department of the Group.

The tender documents normally set out the objectives and expected standard of services such as number of security guards required and frequency of cleaning. The concerned departments first go through the tender documents and check if the required scope of services is within the Group's capacity. Site visits may also be conducted by property management officers and marketing department to examine the conditions of the properties. To protect the Group from bearing excessive operational and legal risks, it is not the Group's policy to manage properties that are in poor maintenance condition. Only if the required scope of services is within the Group's capacity, and the property is in an acceptable condition generally, would the Group pursue the business opportunity and submit tender. The Group generally regards the following properties as in poor maintenance condition:

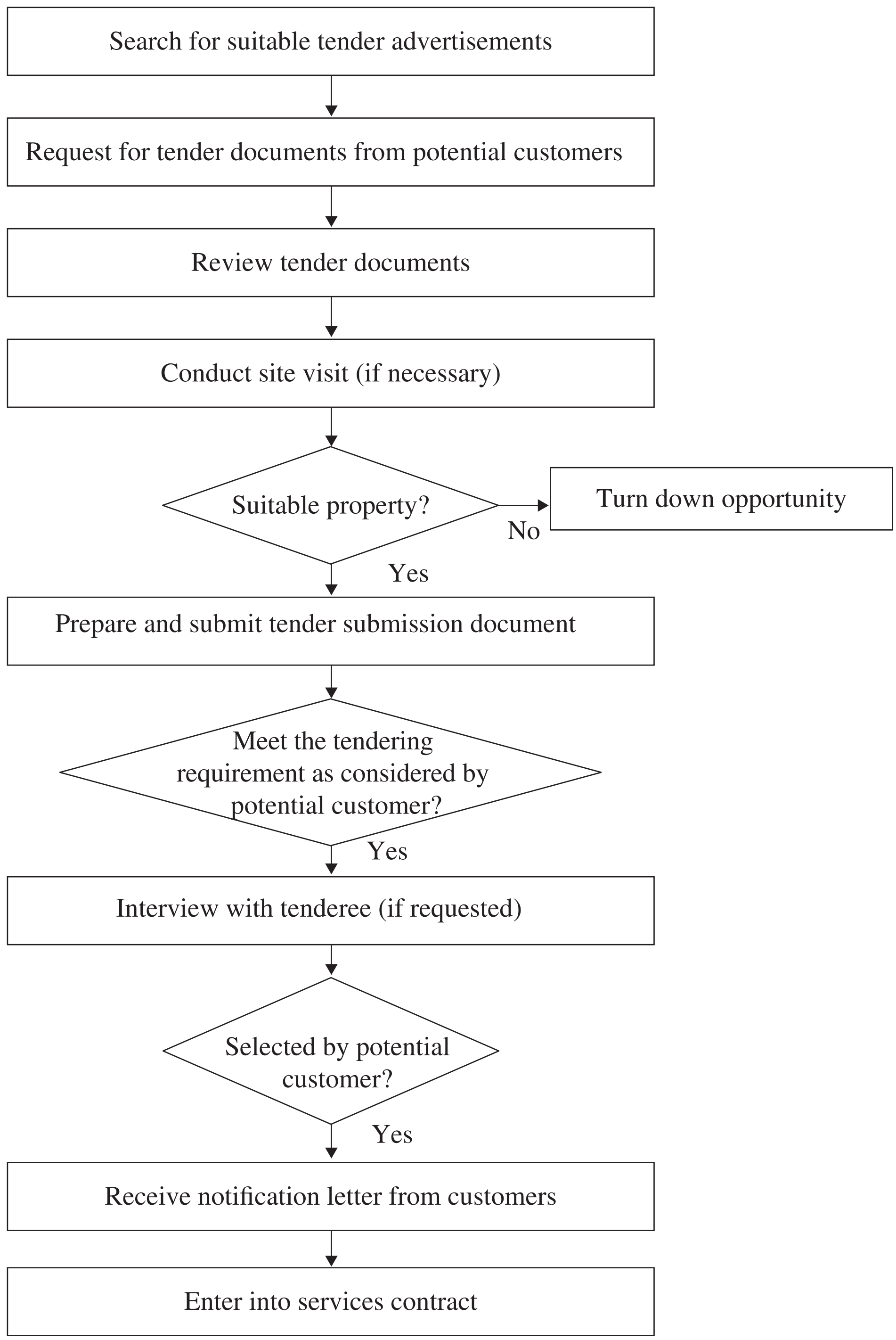
— buildings with structural problems and/or in serious dilapidation where threat of lives and safety exists;

— buildings in serious financial difficulty or the owners are reluctant to pass resolution on major maintenance alleviating potential danger e.g. non-serviceable lifts and power failure;

— buildings under repair order issued by the Buildings Department for major repairs and the owners/owners' corporations refuse to respond positively; or

— buildings with illegal structures imposing danger.

Based on the requirements of the tender documents and floor plan of the properties, the Group is usually required to set out details of its proposed services plans, such as the role and number of security team supervisors and security guards, core job tasks and team structure. Furthermore, potential customers may request for analysis on estate level and tailor-made plans to improve the security of the concerned properties as a whole, tackling the weak points of ordinary security arrangements. Based on the expected services level and information gathered on the property, concerned departments will estimate the required cost of services, determine the price quote and prepare the tender submission documents. The tender submission documents usually include the Group's profile, proposals for management and completed tendering forms. Sometimes if the customers have further enquiries or request for face-to-face tender interview, the concerned departments are also responsible for furnishing replies and attending meetings. If the Group is awarded the property management or property security services, the Group will receive a notification letter from the customer and will enter into services contract with the customer. The following flowchart illustrates the tendering procedures under which the Group acquires new property management or security services contracts:



To the best knowledge and belief of the Directors, it normally takes three months or more for customers to conduct tender, select and appoint a new property management company.

Marketing

The Group's business relies considerably on the continuity of existing contracts. The Group does not maintain a sizeable marketing team or organise regular advertising activities, as it is not the Group's strategy to devote substantial resources in direct advertising campaigns. However, the Group has managed to build a portfolio of some 400 customers as at 31 March 2013. The Directors believe this is attributable to its marketing strategy to focus more on building the Group's reputation and customer service. Apart from management activities, the Group's senior management staff are responsible for maintaining good customer relationships with members of owners' corporations who are the Group's customers in an attempt to promote the Group to the neighbourhood through word of mouth. Since most of the Group's new business contracts are obtained through tenders in compliance with the Building Management Ordinance, all competitors are on the same open platform to be evaluated by reference to qualifications, price and reputation. The Directors consider that reputation and word of mouth play an important part in the success of the Group. The Group's reputation is established gradually by provision of quality service. The Directors consider that if the customers are satisfied with the services of the Group, they may recommend the Group to members of other owners' corporations through their personal networks, thus increasing the chance of success in future tender of other properties.

Although the Group does not organise any direct advertising activities, the Group is keen to take part in social activities to gain public exposure. In addition, the Group regularly participates in competitions organised by governmental departments and customers on hygiene, landscape design, etc. The Group has received a number of awards from various organisations and government departments in the past. The Directors consider that these awards represent the recognition of the Group's quality service and can help enhance public awareness. For details of these awards, please refer to the sub-section headed "Qualifications, Certifications, Awards and Compliance" in this section. Besides, from time to time the Directors and members of the senior management attend district community events, such as festival function, environmental protection promotion etc. for local residents organised by various organisations where they can meet members of owners' corporations from different districts. Through the expansion of their social network in such circumstances, the management team of the Group has more opportunities to introduce the Group to potential customers.

Customers

The Group has established a wide customer base comprising close to 400 customers as at 31 March 2013. Below table sets out the categories of properties served by the Group as at 31 March 2012 and 2013.

Number of Properties Falling into Respective Categories

	As at 31 March 2012	Percentage	As at 31 March 2013	Percentage
Residential properties	216	54.8%	219	54.2%
Non-residential properties	56	14.2%	56	13.9%
Dual residential/commercial properties	117	29.7%	120	29.7%
Others	5	1.3%	9	2.2%
	394	100.0%	404	100.0%

Notes

1. A property means a building/house or multiple buildings/houses covered by one DMC/sub-DMC. Sometimes, a property developer may execute separate DMCs/sub-DMCs in respect of different phases/ blocks in the same development.

2. The number of properties managed by the Group is not equal to the number of services contracts entered into by the Group with the respective customers as the Group may enter into separate contracts for different services provided in respect of the same property.

3. Non-residential properties include, but are not limited to, industrial buildings, commercial centres, commercial buildings, factories and carpark complexes.

The Group's property portfolio comprises a range of different type of properties including residential buildings, commercial buildings, commercial centres, dual residential and commercial buildings, industrial buildings, factories, schools and car parks. The category of residential building forms the largest part of the Group's property portfolio, accounting for approximately 54% of the total number of properties managed by the Group during the Track Record Period. Non-residential properties and dual residential and commercial properties take up approximately 14% and approximately 30% respectively of all properties managed by the Group.

The total number of units managed by the Group increased slightly from approximately 68,400 units in March 2012 to approximately 72,000 units in March 2013.

The Group's customers include owners' corporations, other entities such as sole owners, owners' committees and developers, and government bodies such as the Hong Kong Housing Authority and the Education Bureau. Below table shows the summary of customer by customer type:

Number of Customer by Customer Type

	As at 31 March 2012	Percentage	As at 31 March 2013	Percentage
Owners' corporations	357	91.8%	361	91.4%
Other entities	30	7.7%	32	8.1%
Government bodies	2	0.5%	2	0.5%
	389	100.0%	395	100.0%

As set out above, owners' corporations accounted for over 90% of the total number of the Group's customers as at 31 March 2012 and 2013. Other entities comprise private corporations and individuals such as sole owners, developers and owners' committees. Government's properties accounted for an insignificant share of the total number of properties under the Group's management. These contracts include property management of vacant schools. The following table sets out the breakdown of the Group's revenue by customer type during the Track Record Period:

	Year ended 31 March	
	2012	2013
Owners' corporation	259,002,834	265,372,281
Other entities	14,147,594	14,925,138
Government bodies	3,002,688	2,758,307
Miscellaneous income	501,690	1,006,798
	276,654,806	284,062,524

Below table sets out the revenue from the Group's top five customers for the year ended 31 March 2012 and 2013:

For the year ended 31 March 2012

	Background of the customer	Years of relationship with the Group (approximate)	Revenue HK$'000	Revenue as a percentage of total revenue
Customer A	Owners' corporation	12	13,005	4.7%
Customer B	Owners' corporation	6	11,841	4.3%
Customer C	Owners' corporation	6	8,077	2.9%
Customer D	Owners' corporation	5	7,758	2.8%
Customer E	Owners' corporation	11	7,163	2.6%
Total			47,844	17.3%

For the year ended 31 March 2013

	Background of the customer	Years of relationship with the Group (approximate)	Revenue HK$'000	Revenue as a percentage of total revenue
Customer A	Owners' corporation	12	13,413	4.7%
Customer B	Owners' corporation	6	11,797	4.2%
Customer C	Owners' corporation	6	8,507	3.0%
Customer D	Owners' corporation	5	7,844	2.8%
Customer E	Owners' corporation	11	7,475	2.6%
			49,036	17.3%

For each of the two years ended 31 March 2012 and 2013, the revenue from the top five customers accounted for approximately 17.3% and 17.3% respectively of the Group's total revenue, while revenue from the top customer accounted for only approximately 4.7% and 4.7% of the Group's total revenue respectively. Thus the Group's revenue is not concentrated on a few major customers. It is the Directors' view that the Group's wide customer base contributes to its stability of income source. The Group's customer retention rate is approximately 92% and 97% for the year ended 31 March 2012 and 2013 respectively. Customer retention rate is calculated as the percentage of customers retained the Group throughout the year. None of the Directors or their respective associates or any Shareholder holding more than 5% of the issued share capital of the Company held any interest in any of the top five customers of the Group at the Latest Practicable Date.

For each of the years ended 31 March 2012 and 2013, 31 and 11 services contracts with customers were terminated respectively. The revenue generated in the year ended 31 March 2012 by the 31 contracts terminated in the year was approximately HK$12.0 million, while the revenue generated in the year ended 31 March 2013 by the 11 contracts terminated in the year was approximately HK$5.4 million. Since 1 April 2013 and up to the Latest Practicable Date, 10 services contracts were terminated, and 9 of them were terminated after the upward revision of the statutory minimum wage which became effective on 1 May 2013. These 10 services contracts contributed revenue of approximately HK$5.5 million for the year ended 31 March 2013. These contracts were mostly terminated as the contracts expired. Some customers put the management service out to tender and the Group was not selected. The Directors believe that more services contracts were terminated in the year ended 31 March 2012 as the statutory minimum wage was implemented in May 2011 and the Group did not offer unprofitable low prices to retain customers.

Pursuant to the terms of the services contract, both contractual parties to the services contract may terminate the services contract.

The Group's principal market is Hong Kong only.

Major contractual terms and conditions

As at 31 March 2013, the Group had 395 customers and the Group entered into either property management or stand-alone property security services contract with each of these customers. The agreements with customers are negotiated independently and the contractual terms vary among different service agreements. Major contractual terms that are generally contained in a typical services contract are summarised below:

Term of services:	one to five years (terms of most agreements last for one or two years)
	some agreements contain an automatic-renewal clause pursuant to which the agreements would be renewed under the same terms
Consent to subcontract:	the Group shall not subcontract services in respect of repair and maintenance, and cleaning under the respective agreement unless with written consent of the customers
Insurance:	subject to agreements with the customers, the Group shall enter into, in the name of the customers and the Group, insurance policies such as property all risks, public liability, or cash-in-transit as are necessary with insurance companies
Complaints:	the Group shall attend to and handle any complaints received from the customers, individual flat owners or occupiers relating to the management of the properties
Account:	the Group shall produce unaudited monthly accounts within 14 days of the relevant accounts closing date and liaise with auditors to prepare an audited annual account within two months of the close of the relevant financial year
Budget:	some agreements provide that the Group shall prepare budgets of the properties for the ensuing financial year

Employees:	the Group shall assign the number, grade and type of staff as stipulated in the agreements to the properties
Minimum wage:	should there be any change to the statutory minimum wage, (i) the Group shall renegotiate the services fee with customers with reference to the revised statutory minimum wage; or (ii) the customers shall pay for the additional salary and relevant staff cost which falls short of the revised statutory minimum wage
Termination:	Should the Group commit any breach or material breach, or fail to observe or perform terms and conditions (as the case may be), the customers may (i) terminate the agreements entirely; or (ii) serve a warning notice to the Group to demand rectification. If the Group fails to take steps to rectify or improve the performance within a reasonable time, the customers shall be entitled to terminate the agreements either the Group or its customers may terminate the agreement by one to three months written notice (six months written notice is required in a few service agreements)

As at 31 March 2013, out of the 401 services contracts with customers, 187 of them contain terms allowing for adjustment of services fees if there are changes to the statutory minimum wage. These 187 contracts contributed revenue of approximately HK$127.4 million for the year ended 31 March 2013. Upon the upward adjustment of the minimum wage from HK$28.00 per hour to HK$30.00 per hour effective from 1 May 2013, the daily average direct security staff salaries for these 187 contracts increased by approximately 7.1% between April 2013 and May 2013*(note)*, whereas the revenue from these contracts increased by approximately 7.5% for the same period. For the other 214 contracts, the daily average direct security staff salaries increased by approximately 6.5% between April 2013 and May 2013*(note)*, while the revenue from these 214 contracts increased by approximately 7.9% for the same period. For these 214 contracts that did not contain relevant terms allowing for adjustment of service fee if there are changes to the statutory minimum wage, the revenue increment exceeded the increase in direct security staff cost between April 2013 and May 2013. This is because in September 2012, it was announced by the Minimum Wage Commission that the statutory minimum wage may increase by approximately 7.1% from HK$28.00 per hour to HK$30.00 per hour on 1 May 2013. In October 2012, the Group started to negotiate the new service fees with customers, by reference to the then expected increase in average staff wage of 7.1% plus approximately 10% (on average) increment as buffer and the general increase in expenses other than direct staff cost. For the 214 contracts without service fee adjustment clause for statutory minimum wage, the direct security staff salaries eventually increased by only approximately 6.5% between April 2013 and May 2013, mainly because the salaries of some of the Group's staff already exceeded the new statutory minimum wage of HK$30.00 per hour and not all of the Group's security staff had wage increment of 7.1% in May 2013. For comparison, the daily average salaries of the Group's staff (excluding Directors) increased by 4.7% between April 2013 and May 2013*(note)*, as the salaries of the Group's administrative staff did not grow in line with the statutory minimum wage. Thus the Group was able to renegotiate the services fees with customers in the

Note: The wages for most security staff are calculated on daily/hourly basis, so that the total wages for May are generally higher than that for April due to the different number of days in the month. For fair comparison of security staff cost in April and May 2013, daily average staff salaries is used in the calculation.

absence of adjustment clause for statutory minimum wage. Although some services contracts between the Group and its customers allow the Group to adjust the service fees for the additional salary and relevant staff cost which falls short of the revised statutory minimum wage, in practice the Group renegotiates the services fees with the customers to determine the mutually accepted services and remuneration package to maintain or enhance relationships with customers.

Expenses for insurance policies that were taken out in the joint names of the customers and the Group were fully borne by the customers. No credit term is generally provided in the services contracts. The Group usually issues monthly invoices in arrears. After issuance of monthly invoice, the responsible property manager will remind the customers to settle the services fee. If the outstanding services fee is not settled in two months, the responsible district manager will contact the customers to verify the reasons for the delay and urge the customers for settlement. If the outstanding services fee is not settled in three months, the Group will send formal letters to customers demanding for payment.

Upon expiry of the term of the services contracts, the Group has renewed the services contracts with most of its customers although not in strict compliance with the Building Management Ordinance for some of the agreements. For the consequence of non-compliance with the Building Management Ordinance, please refer to the paragraph headed "Implications of the Building Management Ordinance requirements" of this section. For some of its customers which have not entered into a new services contract or yet to pass a resolution of the owners at a general meeting to renew the services contracts, contractual relationships have been formed between the Group and those customers and implied by way of conduct as the Group has been providing property management services to those customers after expiry of the term of the services contracts. These contractual relationships between the Group and its customers do not have a fixed term of service and will remain effective unless and until expressly terminated by the customers.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in the paragraph headed "Litigation" in this section, the Group did not receive any material complaint from the property residents. Material complaint is defined as any complaint involving (i) allegation that the Group committed a criminal offence; or (ii) monetary claim of more than HK$100,000.

Termination of contracts

As explained in the section headed "Regulatory Overview" in this prospectus, pursuant to the Building Management Ordinance, the procurement of supplies, goods and services, including the service for property management, by owners' corporations is required to be made by invitation to tender under certain circumstances. Whether the tender submitted for such purpose is accepted or not shall be decided by a resolution of the owners passed at a general meeting of the owners' corporation. As confirmed by the Directors, before first entering into the property management services contracts or the security services contracts with all existing customers who are owners' corporations, invitations to tender were conducted by the respective owners' corporations and resolutions of the owners were passed at general meetings of the owners' corporations to approve the appointment of the Group.

Implications of the Building Management Ordinance Requirements

Pursuant to the Building Management Ordinance, the procurement of supplies, goods and services for the management of a building must be made by invitation to tender if the supplies, goods or services will exceed or is likely to exceed HK$200,000 or 20% of the owners' corporation's annual budget (whichever is the less). This includes procurement for property management and security services generally. After evaluation of all submitted tenders, the acceptance of a successful tender is made by a resolution of owners at a general meeting. The owners' corporation can dispense with the tendering requirement for renewal of existing contracts for supplies, goods and services provided that it decides by a resolution of the owners at a general meeting to renew the contract of an existing supplier or service provider on such terms and conditions specified in the resolution without tendering, on the condition that there is no change to the type of goods or services procured.

All of the Group's initial property management or security services contracts entered into with owners' corporations since the Track Record Period were first awarded by the respective owners' corporation through a tendering procedure. For all of the Group's property management or security services contracts in force as at 31 March 2012, 359 of them are contracts entered into with an owners' corporation. Since the Track Record Period, more than 300 owners' general meetings have been convened to approve the continuing appointment of the Group for provision of property management or other services. Among these 359 contracts, 267 contracts were not renewed in strict compliance with the relevant requirements of the Building Management Ordinance. For the years ended 31 March 2012 and 2013, approximately 59.6% and 12.9% of the Group's revenue was derived from contracts that were not renewed with strict compliance with the Building Management Ordinance respectively. Some owners' general meetings were convened to approve the continuing appointment of the Group as the property management company during the Track Record Period. The resolutions of these general meetings demonstrated the intention of the owners' corporation to renew the appointment of the Group. However, as at 31 March 2012 and 2013, 42 and 24 services contracts were approved at owners' general meetings but the resolutions were not worded in sufficient details to comply with the Building Management Ordinance respectively. These 42 services contracts with resolutions that were not worded in sufficient details to comply with the Building Management Ordinance as at 31 March 2012 were part of the 267 contracts not renewed in strict compliance with the requirements of the Building Management Ordinance above. The Directors therefore consider that the renewal requirements of the Building Management Ordinance were not fully complied with in such cases for prudence sake. As at 31 March 2012 and 2013, 38 and 254 services contracts were approved at owners' general meetings with resolutions that were worded in sufficient details to comply with the Building Management Ordinance respectively.

Pursuant to the Building Management Ordinance, if the requirements are not complied with, subject to order made by the Hong Kong courts, the contract for the procurement of the relevant property management or security services may be avoided, i.e. cancelled by the owners' corporation by a resolution of the owners passed at a general meeting of the owners' corporation, only for the reason that it does not comply with the above requirements.

The Hong Kong courts may make such orders (including whether the services contract is void or voidable) and give such directions in respect of the rights and obligations of the contractual parties as it thinks fit having regard to various circumstances including but not limited to whether the owners have benefited from the services contract and whether the owners have incurred any financial loss due to the services contract and the extent thereof pursuant to section 20A(7) of the Building Management

Ordinance. As the circumstances surrounding the renewal of each of the relevant services contracts may differ, each case will be decided on its own merits. Taking into account that the Group has provided the property management and security services to the owners with good faith and the owners have benefited from the services rendered under the relevant services contracts, the Counsel and the Directors are of the view that the risk of the Hong Kong courts declaring the relevant services contracts void or voidable is not high.

The Counsel further opined that the non-compliance services contracts will amount to voidable contracts. However, in so long as they are not avoided by the owners' corporation, either party of the services contracts can enforce it. Unless and until the relevant services contract is cancelled by the owners' resolution at a general meeting of the owners' corporations, the services contract remains valid and enforceable, and each party is required to fulfill its obligations thereunder. Even if the owners' corporations exercise its right to avoid the services contracts, based on the reasons that, among others, (i) the Group has rendered services for the benefit of the owners' corporation and received contractual services fees; (ii) there is no fact suggesting that the Group had acted in bad faith in entering into the services contracts in the first place; (iii) there is no fact suggesting that the owners' corporation had suffered any detriment; and (iv) the Group had already provided the property management services to the owners' corporation, the Counsel is therefore of the view that the owners' corporation cannot seek a refund of the remuneration already paid to the Group under the services contracts.

The Directors confirm that, the Group is aware of the statutory procedural requirements under the Building Management Ordinance and had in the past verbally reminded its customers to comply with the Building Management Ordinance in renewing the services contract with the Group. The Directors consider that there are two principal reasons for the non-compliance by the respective owner's corporation. Firstly, some of the members of the owners' corporations may not have full comprehension of the statutory procedural requirements under the Building Management Ordinance. Secondly, before the preparation for the Listing, the Group was only a private group and the management was pre-occupied with the development and growth of the Group's business operations. For the purposes of maintaining good business relationship with its customers, it did not demand strict compliance with the procedures stipulated under the Building Management Ordinance by the respective owners' corporations.

The Group enters into services contracts with its customers for the provision of property management or property security services. The term of services generally lasts for one or two years. Pursuant to the services contracts between the Group and its customers, the customers may in general terminate the services contracts by serving one to three months written notice to the Group. Such business risk is not materially different from the risk that the services contract may be avoided, i.e. cancelled, by the owners' corporation by a resolution of the owners passed at a general meeting of the owners' corporation. Such cancellation of contract is not automatic and has to be initiated by the owners' corporation or owners of the corresponding property. It is generally not practicable for the Group's customers to remove the Group as the property management company with immediate effect, and there are more procedural hurdles for owners' corporations to attempt to remove a property management company by way of avoiding the services contract as required by the Building Management Ordinance rather than simply giving written notice. Furthermore, none of the Group's contract was avoided by its customer which is an owners' corporation or under a court order by reason that it does not comply with the relevant requirements of the Building Management Ordinance since the incorporation of the corresponding operating subsidiary. Taking into account the long business relationship with a number of the Group's customers, the Directors are of the view that (a) the customers would not terminate the services contracts only for the reason of non-compliance with the Building Management Ordinance; and (b) the provision of property management and security services by the Group to its customers would not be hindered by the non-compliance with the Building Management Ordinance. On such bases, it is the view of the Directors that the "non-compliance" with the Building Management Ordinance is unlikely to pose additional business risk to the Group and thus would have no operational or financial impact on the Group.

The Directors confirm that the Group has not contravened the relevant rules and regulations, including the Building Management Ordinance in respect of the property management contracts. The Counsel opines that the owners' corporation has the duty to comply with the statutory procedural requirements (the "**Procedural Requirements**") under the Building Management Ordinance. Unless the relevant DMC provided otherwise, the Group has no legal or contractual right to compel the owners' corporation concerned to comply with the Procurement Requirements. The Directors confirm that the Company is not aware of any DMC of the relevant buildings which had imposed any legal or contractual right on the Company to compel the owners' corporation to comply with the Procurement Requirements. The Counsel further opines that there is no provision under section 20A of the Building Management Ordinance or the other parts of the Building Management Ordinance which imposes on the Group, as the management company, a duty to ensure compliance on the part of the owners' corporation with the Procurement Requirements.

Based on the reasons set out above, the Counsel is of the view that the Group has not contravened the relevant rules and regulations, including the Building Management Ordinance in respect of the property management contracts. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Group is not involved in any litigation, arbitration or claim of material importance during the Track Record Period and up to the Latest Practicable Date with respect to the non-compliance of the Building Management Ordinance by the owners' corporation. In order to ensure compliance with all relevant regulatory requirements in future, the Group has adopted certain internal control measures, details of which are set out in the paragraph headed "Compliance with laws" in the subsection headed "Internal Control" of this section.

The Directors are of the view that the business risk that the services contract may be avoided, i.e. cancelled, by the owners' corporation by a resolution of the owners passed at a general meeting of the owners' corporation is not high. Firstly, such cancellation of contract is not automatic and has to be initiated by the owners' corporation or owners of the corresponding property. In particular, the following steps have to be taken: (i) a general meeting of the owners' corporation has to be convened; (ii) the secretary of the management committee shall, at least 14 days before the date of the meeting of the corporation, give notice of the meeting to each owner and the tenants' representative (if any); (iii) the secretary shall also, at least 14 days before the date of the meeting of the corporation, display the notice of meeting in a prominent place in the building; (iv) the majority of the owners present in the general meeting have to pass the resolution to the effect that the services contract shall be avoided only for the reason that the services contract does not strictly comply with the Procedural Requirements. Secondly, it is normally not practical for the owners' corporation to remove the existing property management company with immediate effect without first appointing a new property management company. Appointment of a new property management company shall be generally procured by invitation to tender as required under the Building Management Ordinance. Thus, the Directors consider that it is normally not practicable for the Group's customers to remove the Group as the property management company immediately, and there are more procedural hurdles for owners' corporations to attempt to remove a property management company by way of avoiding the services contract rather than simply giving written notice. To the best knowledge and belief of the Directors, it normally takes three months or more for owners' corporation to conduct tender, select and appoint a new property management company. Thus it normally takes at least three months for owners' corporation to remove a property management company by way of avoiding the services contract and replace it with a new one through tendering.

The Company confirms that, up to the Latest Practicable Date, none of the customers indicated any intention to avoid their contracts with the Group by passing a resolution at general meeting, by reason that the Procedural Requirements have not been complied with. Based on the past experience of some of the Group's staff who were employed by other property management companies in Hong Kong, it is not uncommon that contracts with property management companies in Hong Kong are not renewed according to the Procedural Requirements under the Building Management Ordinance.

For the years ended 31 March 2012 and 2013, approximately HK$30.8 million and HK$18.7 million, or 11.1% and 6.6% of the total revenue in the respective period, were derived from contracts that were not renewed in accordance with the Building Management Ordinance (if applicable) as at the respective reporting date and have not been properly renewed or rectified up to 31 July 2013.

Rectification

To rectify the non-compliance, the owners' corporations can require to convene extraordinary general meeting if the annual general meeting is not yet due. Pursuant to the Building Management Ordinance, owners' corporations are required to convene a general meeting not earlier than 12 months and not later than 15 months after its first or previous general meeting. In practice, annual general meetings are usually convened each year. Extraordinary general meeting may also be convened between the annual general meetings. However, general meetings require the participation of the property owners. To the best understanding of the Directors, extraordinary general meeting is not normally convened unless an urgent resolution affecting the interests of all residents has to be proposed. Besides, there are certain procedural requirements for convening an extraordinary general meetings: (i) the secretary of the management committee shall, at least 14 days before the date of the meeting of the corporation, give notice of the meeting to each owner and the tenants' representative (if any); and (ii) the secretary shall also, at least 14 days before the date of the meeting of the corporation, display the notice of meeting in a prominent place in the building. The quorum at a meeting of the corporation shall be 10% of the owners generally.

From November 2012 onwards, the Group has been keen to rectify the non-compliance by reminding and assisting its customers to renew the services contracts in general meetings of the owners in accordance with the Building Management Ordinance. Between November 2012 and March 2013, 194 general meetings have been convened either to renew or rectify 196 contracts with the Group. Between April 2013 and July 2013, 25 general meetings have been convened either to renew or rectify 25 contracts with the Group. For the years ended 31 March 2012 and 2013, approximately HK$30.8 million and HK$18.7 million, or 11.1% and 6.6% of the total revenue in the respective period, were derived from contracts that were not renewed in accordance with the Building Management Ordinance (if applicable) and have not been properly renewed or rectified up to 31 July 2013. Among them, approximately HK$17.0 million and HK$1.9 million, or 6.2% and 0.7% of the total revenue in the respective period were derived from 35 and 8 contracts that had been terminated before the Latest Practicable Date such that they can no longer be avoided or rectified respectively. These contracts were mostly terminated as the contracts expired. To the best knowledge and belief of the Directors, these contracts were not renewed at expiry mainly because the Group did not offer unprofitable low prices to retain customers.

Although owners' corporations are required to convene a general meeting not earlier than 12 months and not later than 15 months after its first or previous general meeting pursuant to the Building Management Ordinance, not all of the Group's customers renewed the services contracts with the Group in the annual general meetings in accordance with the Building Management Ordinance. For the 401 contracts in force as at 31 March 2013, 370 contracts have been properly renewed as at 31 March 2013 or rectified up to 31 July 2013 or do not fall under the Building Management Ordinance (i.e., the counterparty is not an owners' corporation). One contract has been subsequently terminated such that it can neither be avoided nor rectified. The revenue contribution of this contract for the year ended 31 March 2013 was approximately 0.1% of the total revenue for the year. The remaining 30 contracts, representing approximately 7.5% of the contracts in force as at 31 March 2013, were not in strict compliance with the relevant requirements of the Building Management Ordinance and have not been properly renewed as at 31 March 2013 or rectified up to 31 July 2013. The Group has been reminding these customers to renew or rectify the services contracts in general meetings of the owners in accordance with the Building Management Ordinance. As confirmed by the Directors, however, these customers are reluctant to convene extraordinary general meetings before the regular annual general meeting date, or approve the renewal of contract in the annual general meetings so long as the services contracts remain valid and enforceable. The Directors believe that the reluctance of these customers was due to the lack of urgency in their point of view or due to the procedures involved for them to convene an extraordinary general meeting, and lack of full comprehension of the statutory requirements to approve the renewal of contracts in the general meetings of the owners. Given the reluctance of some of the Group's customers, the Directors consider that the Group's relationship with them may be harmed if it insists compliance with the Building Management Ordinance. The Directors confirm that the Group has made all reasonable effort to rectify the non-compliance, and it will continue to strive for the co-operation of respective owners' corporation to comply with the relevant requirements of the Building Management Ordinance.

A table summarising the applicability of the Building Management Ordinance and the renewal status of the Group's services contracts as at 31 March 2012 and 2013 is set out below:

		As at 31 March	
		2012	**2013**
1.	Building Management Ordinance not applicable	36	38
2.	entered into/renewed in accordance with the Building Management Ordinance as at the reporting date	92	305
3.	not entered into/renewed in accordance with the Building Management Ordinance as at the reporting date:		
	— subsequently renewed or rectified up to July 2013	232	27
	— not subsequently renewed or rectified up to July 2013	35	31
		395	401

For each of the years ended 31 March 2012 and 2013, revenue of approximately HK$164.9 million and HK$36.6 million, or 59.6% and 12.9% of the Group's revenue was derived from contracts that were not renewed in strict compliance with the Building Management Ordinance respectively. Based on the

Group's average net profit margin of approximately 5.0% and 2.0% for each of the years ended 31 March 2012 and 2013 respectively, the contribution of net profit from contracts that were not renewed in strict compliance with the Building Management Ordinance was approximately HK$8.2 million and HK$0.7 million, representing approximately 59.6% and 12.9% of the Group's net profit for each of the years ended 31 March 2012 and 2013 respectively. After the Group's rectification measures to renew or rectify 196 contracts with the Group between November 2012 and March 2013 in compliance with the Building Management Ordinance, a substantial number of the above contracts were properly renewed or rectified. For the year ended 31 March 2012 and 2013, approximately HK$13.7 million and HK$16.8 million, or 5.0% and 5.9% of the total revenue, was derived from contracts that were not renewed in accordance with the Building Management Ordinance as at 31 March 2012 and 2013 (if applicable) respectively, were not subsequently terminated and have not been properly renewed or rectified up to 31 July 2013. If in the hypothetical scenario that contracts generating 5.0% and 5.9% of the total revenue for each of the year ended 31 March 2012 and 2013 were all avoided, the Group's revenue would have shrunk and the Group would have to reduce its operation scale in response. The Directors estimate, on the basis that if such hypothetical scenario took place on 1 April 2012 and 2013, and that the Group could proportionately reduce its operation scale and expenses (including gross profit, administrative expenses, other operating expenses, finance costs and taxes), the Group's profit for the years ended 31 March 2012 and 2013 would have dropped by approximately HK$0.7 million and HK$0.3 million respectively.

A table summarising the revenue of the underlying contracts with different applicability of the Building Management Ordinance and the renewal status for the years ended 31 March 2012 and 2013 is set out below:

	For the year ended 31 March					
	2012			2013		
	Number of contracts involved	**Revenue**		**Number of contracts involved**	**Revenue**	
		HK$ 'million	*%*		*HK$ 'million*	*%*
BMO not applicable (including miscellaneous income)	N/A	17.7	6.3	N/A	19.6	6.9
Entered into/renewed in accordance with BMO by period end	92	94.1	34.0	305	227.9	80.2
Not entered into/renewed in accordance with BMO by period end:						
— Subsequently rectified by July 2013	232	134.2	48.5	27	17.9	6.3
— Not subsequently rectified by July 2013	26	13.7	5.0	30	16.8	5.9
— Not subsequently rectified but already terminated by July 2013	35	17.0	6.2	9	1.9	0.7
		276.7	100.0		284.1	100.0

Note: BMO stands for the Building Management Ordinance

The Company will disclose in its half-yearly reports and annual reports (i) the recent status of non-compliance of the Group's services contracts with the Procedural Requirements under the Building Management Ordinance; and (ii) the reasons should there be an increase in the number of services contracts that do not comply with the Procedural Requirements under the Building Management Ordinance.

Revenue

The Group's revenue is derived from the contractual service fees received from the Group's customers. The contractual service fees are distinct from the property management fees paid by residents, which is the income of the respective owners' corporations. While the contractual service fees are paid directly by the Group's customers to the Group, collection of property management fees is mostly performed by the Group on behalf of the owners' corporations. Property management fee is normally received by cash, cheque or autopay. Collected property management fees would be kept at owners' corporations' segregate account or the customer's own bank account, depending on the request of its customers.

The Group's management contracts are divided into two categories: manager's remuneration contracts and fixed sum contracts. Under a manager's remuneration contract, the Group is remunerated by way of a fixed fee for manager's remuneration, cleaning service fees and/or accounting service fees based on the terms of the relevant contracts. Other expenses involved in the management of a property, such as salaries of security guards, are reimbursed by customers. Under a fixed sum contract, all direct staff costs involved in the management of a property are borne by the property management company and the property management company is paid a fixed fee which covers all relevant costs such as direct staff, administrative overhead and the manager's remuneration. The calculation of the fixed fee, however, may be made by reference to factors including the initial expected cost of the property management company when entering into the property management agreement. As at 31 March 2012 and 2013, the Group had 6 and 5 manager's remuneration contracts, while all other services contracts were fixed sum contract. The following table sets out the breakdown of the Group's revenue by contract type during the Track Record Period:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Fixed sum contract	269,321,494	275,685,082
Manager's remuneration contract	6,680,662	7,370,644
Miscellaneous revenue	652,650	1,006,798
	276,654,806	284,062,524

In the negotiation of contract fees with customers, the Group would first prepare a budget of the monthly expenditure based on the service scope and staff deployment desired by the customer. Depending on the customers' ability and willingness to accept service fee increment, the Group will propose a service fee with increment in line with cost increase.

SUPPLIER

During the Track Record Period, the Group had only two major suppliers of goods. The two suppliers sold uniforms of both administrative staff and security staff to the Group. The amounts of uniforms purchased by the Group in each of the years ended 31 March 2012 and 2013 were approximately HK$0.5 million and HK$0.4 million respectively. The two suppliers are Independent Third Parties.

QUALITY CONTROLS

It is the Directors' belief that the quality of services is an important way to establish a solid foundation for the Group's business. The Group has formulated a consolidated policy manual covering quality management system, environmental management systems and occupational, health and safety management systems. A series of measures are imposed to establish a quality control framework.

Regular inspection by district staff on a regular basis

In addition to the daily checking duties of the on-site security guard, property officers are assigned to perform weekly site-inspection as a control measure to make sure that the management of the properties are in right order with reference to a standard checklist. The concerned areas include (i) the performance of the security staff; (ii) the condition of public areas; (iii) the status of collection of the monthly property management fees; (iv) the progress and safety of repair work (if any); and (v) the handling progress of any pending complaints. Responsible district managers on top of the officers also perform similar duties to double-check the condition of the properties and follow-up important issues. Being the first contact point with the customers, the front-line performance is properly supervised.

Monitoring by top management on all issues

District managers report serious and important issues to the top management. Daily operation meetings are held with the Group's senior management (including executive Directors) and district managers, with the involvement and assistance of the experienced property management staff, to discuss the status of and solutions to the issues. Important issues are regularly followed-up in daily operation meeting. This centralised reporting and quality control system is intended to uphold the standard of services.

Internal regulations on timeframe of complaint management

Defects in quality of property management services may be reflected in the complaints received from residents. Detailed complaint management procedures are established to handle all complained matters in a timely manner and maintain the service standard of the Group at a high level.

For all complaints received by telephone, property officers are required to respond to the residents within an hour. For complaints in writing, the recipient, either an officer or a district manager, is required to make a phone call to the complainant to understand the situation and update the current status. The relevant officers or district managers will attend the concerned site and resolve the issue when necessary. The recipient has to revert in writing within a week according to the internal control policies.

Pursuant to the internal control policies, all complaints are recorded in the "complaint log-book" with designated serial numbers and the handling progress is reviewed and monitored by district managers regularly. Typical complaints such as blockage of drainage pipes and unauthorised coverage of closed-circuit television are normally handled within five business days. For complaints of other categories, investigations are normally launched within ten days. District managers follow up the concerned owners/residents' feedback on the progress. These procedures ensure that all complaints are handled and resolved in a timely manner in order to uphold the quality of service.

Established system to monitor license period of employees

According to the laws of Hong Kong, the Group's employees who provide security work or certain electrical maintenance for customers are required to apply for security personnel permit or electrical work registration. The Group maintains a control system that monitors and updates the permit and registration status of the Group's relevant employees. Three to six months before the expiry of the existing security personnel permit of a security staff or electrical works registration, the Group's computer system generates reports reminding the relevant staff to renew their permit or registration. Employees who fail to timely renew their permits or registrations are suspended from providing the relevant service until they have completed the renewal.

Training sessions to uphold quality of employees and operation

The Group provides training to its employees at all levels, among which some of them are required by the industry and some of them are for the purpose of additional education. For security staff, not less than 16 hours' training are provided, which is one of the criteria for issuing a security personnel permit specified by the Security and Guarding Services Industry Authority. Weekly training workshops are conducted by the senior management to educate employees in the position of assistant property manager or above with reminders and key knowledge to improve their quality of work. Apart from regular training, the Group also arrange staff to attend seminars delivered by other parties such as the Hong Kong Independent Commission Against Corruption or Housing Authority on topics such as corruption prevention or insurance policies which relate to the Group's scope of work.

The administrative department of the Group assists the management of the Group in upholding the ISO and internal control guidelines, as well as ensuring the compliance of laws and industrial regulations. If there is an announced change in relevant laws, the administrative department would arrange training with the assistance of senior management to update the Group's employees with related responsibilities. The relevant employees who attended the training are required to sign on the attendance record.

Stringent staff selection process

The Group pursues a selective approach aiming to build a quality staff team with capability to properly carry out respective duties.

The Group sets out requirements for each specific post to ensure that employees hired by the Group are qualified to execute their job function satisfactorily. The areas that may be taken into consideration include (i) education background; (ii) proof of specialty; (iii) membership of professional entities; (iv) statutory registration related to the applied position; (v) work experience; (vi) information of continuing education; and (vii) possession of statutory license or permit related to the applied position. Candidates of property managers or above are required to have a minimum of five years of experience in property management, where membership of Hong Kong Institute of Housing or Chartered Institute of Housing is considered an advantage.

HEALTH AND SAFETY CONTROL

The Group, through internal training and memorandum, educates and reminds its employees of the importance of workplace health and safety, and performs monthly inspection to monitor the effectiveness of the workplace health and safety measures.

Safety Committee

To raise the management's awareness of the workplace health and safety, the Group formed a safety committee comprising Mr. Fong Shek Hung, the associate director of KSU*(note)*, and Mr. Law Kwok Leung, a senior property manager of KSU and eight other committee members from (i) property management department; (ii) cleaning department; (iii) security department; (iv) engineering department; and (v) administration department, and two members appointed by the Safety Consultant (defined as below). The biography of Mr. Fong Shek Hung and Mr. Law Kwok Leung are set out in the section headed "Directors, Senior Management and Staff". The details of the review by the Safety Consultant are set out under the paragraph "Review by the Safety Consultant" of this subsection. Among eight of the ten members who are the Group's staff, at least five members, including Mr. Fong Shek Hung and Mr. Law Kwok Leung, have more than ten years of experience in property management while two members have more than fifteen years of experience in cleaning and maintenance services industry. The responsibilities of the safety committee are, among other things, to establish the Group's workplace health and safety management system, formulate and implement the internal health and safety policies, and arrange staff trainings. The safety committee holds monthly meetings to review the effectiveness of the system.

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group's administration or overall standard; and (iii) the Group's customer relations.

Review by the Safety Consultant

Since January 2012, the Group has engaged an external safety consultancy firm (the "Safety Consultant") for the review and recommendation in respect of safety in buildings managed by the Group. During the term of its service, the Safety Consultant conducts site visits in various major properties managed by the Group monthly to review safety, hygiene or health condition of the properties and prepares recommendation reports. The recommendation reports contain observations of deficiencies in safety, hygiene or health condition and provide recommendations. The report also comments on work safety issues such as the protection gears of on-site workers, safety of the equipment used, important procedures in handling electricity, required safety regulations and necessary drills to raise workers' awareness. The monthly report follows up the implementation of recommendations mentioned in previous reports. A danger assessment report is also issued to identify possible risk of dangers the various types of on-site job tasks are exposed to, as well as risk level assessment and actions required to be taken.

In October 2012, the Group also engaged the Safety Consultant for the review and recommendation in respect of safety in around 100 buildings managed by the Group between October 2012 and July 2013. During the term of the engagement, the Safety Consultant will conduct regular/surprise site visits in various major properties managed by the Group at least monthly to review safety, hygiene or health condition of the properties and prepares recommendation reports. The recommendation reports will contain observations of deficiencies in safety, hygiene or health condition and various recommendations.

Safety Regulations

The Group maintains a set of safety regulations and policies subject to update at least once every two years. Safety regulations are despatched to new employees during induction training. The safety regulations include, among other things, below areas:

1. basic guidelines and reminders of workplace health and safety for different job tasks
2. handling procedures under urgent conditions
3. reminders on risky areas of estate-type properties
4. procedures for moving heavy objects
5. list of necessary safety gears to be equipped with for different job tasks
6. workplace health and safety under extreme weather conditions
7. handling procedures of work injury of different severity

The regulations also set out lists of training modules and its relevant importance under different functions of employees. Timetable and syllabus of induction and additional trainings are updated from time to time.

TREASURY POLICY

The Group has adopted a treasury policy to regulate its treasury management activities and operations and the management and control of treasury-related risks. The treasury policy is summarised below:

— The primary objective is to manage treasury risks in a manner that contributes to achievement of the Group's strategic and financial objectives. A key objective will be to protect capital when maintaining sufficient liquidity at all times and secure adequate sources of funding.

— There must be a valid business basis for all treasury transactions. The engagement in speculative transactions is strictly prohibited.

— The Board has delegated to the finance committee responsibility for ongoing monitoring of treasury risk management. The finance committee (which comprised Mr. Ho Ying Cheung, the chairman of the Group, Mr. Ho Ying Choi, the chief executive officer of the Group and

Mr. Cheng Kam Hung, the senior administrative and accounting manager) will exercise this responsibility through regular review. The senior administrative and accounting manager has line responsibility for the management and performance of the treasury function.

— The Group will manage the level of current account balances to ensure all payments are made on time and in a manner that minimises the level of bank borrowing.

— The Group's policy aims to complete all loan agreements and obtain banking facilities without breaching covenant requirements. The senior administrative and accounting manager will prepare a monthly compliance report setting out the relevant banking facilities and regulatory requirement on the Group's financial position and the Group's subsidiaries' financial statements for assessment of the compliance. If the assessed risk of non-compliance is substantial, the senior administrative and accounting manager should give his recommended measures to prevent the non-compliance for the finance committee's approval.

The biography profiles of the members of the finance committee are set out in the section headed "Directors, Senior Management and Staff" in this prospectus.

POLICIES AND PROCEDURES ON RISK MANAGEMENT

The Group has adopted the policies and procedures on risk assessment to monitor, assess, control and manage the various business or financial risks that may hinder the Group from achieving its objectives. The policies and procedures are summarised below:

1. A risk assessment committee will be formed which shall comprise the two executive Directors, the company secretary and the senior administrative and accounting manager as members.

2. The risk assessment committee shall meet semi-annually or as called upon by any member of the risk assessment committee.

3. The risk assessment committee shall, with reference to the business and operation environment and financial position of the Group as well as changes in the global economy, identify potential risks (such as business risks) faced by the Group and to assess such risks and implications to the Group.

4. The risk assessment committee shall also design and develop measures to address and mitigate such risks as well as assign designated persons for implementation and subsequently monitor and report of such measures.

5. The senior administrative and accounting manager shall prepare a monthly financial risk assessment report setting out the nature, scale and analysis of impact of liquidity risk, interest rate risk, compliance risk, credit risk and equity risk, or other risk as determined by the risk assessment committee. Such monthly financial risk assessment report shall be reported to the members of the risk assessment committee on a monthly basis.

The biography profiles of the members of the risk assessment committee are set out in the section headed "Directors, Senior Management and Staff" in this prospectus.

INTERNAL CONTROL

Since 2010 and up to the Latest Practicable Date, the Group uncovered two incidents of cash misappropriation by its front-line employees involving HK$14,435 and HK$34,100 respectively. These incidents were uncovered in May 2010 and August 2012 respectively by the Group's accounting department in the course of performing its routine internal control procedures. The misappropriated amounts of HK$14,435 and HK$34,100 were fully repaid to the Group in May 2011 and October 2012 respectively. Written warning has been given to the relevant employees in accordance with the Group's internal control policy. The relevant employees were security guards at the material time. One of their then duties was collection of management fees. The Group transferred the relevant employees to positions in other properties without cash handling duty. One of the relevant staff retired in October 2012 and the other one was further transferred to another property and remained as a security guard as at the Latest Practicable Date. As the misappropriated amounts are not substantial and the amounts have been fully recovered, the Directors confirmed that there is no material impact on the Group's business and results of operation. Nevertheless, to ensure that the Group's business is conducted in an orderly manner and the Group's assets and resources are safeguarded, the Group has put in place the following internal control procedures:

Cash Management

Cash payments and receipts are frequently involved in the daily operation of property management business. The Group maintains a set of internal control procedures to regulate the handling of cash and checking of book balances under different circumstances.

Payment by Cash

Any expense below HK$1,000 can be paid by cash, while cheques will be issued for payment above HK$1,000. Invoice of expenditure with an amount below HK$1,000 is reviewed by the senior administration and accounting manager. If cash payment of expenditure is related to daily operation of the accounting department, such expenditure will be reviewed and approved by the Directors. The Group maintains a petty cash level at around HK$20,000 to facilitate payment for miscellaneous items of 8 to 10 days. Accounting staff are responsible to keep the petty cash in a safe in the accounting department. Monitoring device is installed inside the accounting department and the key of the safe is kept by the accounting staff.

The accounting department updates expenditure in the petty cash book according to book records, payment request forms and the relevant receipts. Accounting officer would conduct surprise inspection to confirm the balance of the petty cash and for auditing.

Accounting staff would update the statements of petty cash expenditure two to three times per month to ensure the sufficiency of petty cash reserve. When there is any sign of shortage of petty cash reserve in place, accounting staff will issue cheque for replenishment after the accounting officer has approved the amount, subject to further approval by the senior administrative and accounting manager and Directors.

Autopay

The administrative department is responsible for checking staff's attendance record before month-end salary payment. The senior administrative and accounting managers will double-check the calculation and then put up a request in the online system, subject to Directors' approval for money transfer.

Cheque management

Authorised signature of the senior administrative and accounting manager is required to acknowledge receipt of a new cheque book issued by the Group's bank, after which the blank cheque book will be safe kept by the accounting officer. Accounting staff will register the cheque numbers in the cheque record book which is kept and updated by the senior administrative and accounting manager. Whenever cheque payment is required for the Group's operation, accounting staff have to submit application to the accounting officer for the use of blank cheques and details of each cheque payment is recorded in the cheque record book.

All cheques for payment should be issued following the order in the cheque record book. The bank-in of all issued cheques should be closely monitored and verified against bank statements on a regular basis. The loss of any signed cheques after delivery to the relevant party will be reported to the bank immediately to stop payment.

The cancellation of cheques will be confirmed by the accounting department and recorded on the checkbook stub.

Bank Reconciliation

The accounting officer is responsible to cross-check the Group's book with bank statement at month-end. Uncleared cheques and pending fund transfer should be recorded in the bank reconciliation statement to ensure complete record of all bank transactions. Accounting staff will trace the reason for any discrepancies or missing record.

Monthly collection of management fee

The Group adopts an internal guideline on collection of property management fees. Under the guideline, only designated on-site security staff is allowed to collect management fees from property residents or tenants, while patrolling property officer is responsible for deposit of received cash and cheques. Pre-printed packages of management fee receipts with unique and traceable serial numbers are sent to the responsible security staff monthly. There are three copies for each receipt which are to be kept by different parties after management fee is received by the security staff. The receipt of fees by cash or cheque is logged in a record book and the three copies of receipts are kept by (i) the payee for acknowledgement; (ii) the security staff who will subsequently pass it to patrolling property officer and the accounting department for deposit of management fees and record; and (iii) the customer for record. To reduce the risk of loss of collected fees being kept at the site, patrolling property officer signs off the record and collects the received cash and receipts from the security staff on a weekly basis. The patrolling property officer then delivers the deposit slips and receipts to the accounting department, after which the security staff has to report on the spot by telecommunication to the accounting department the collected amount to be delivered. Accounting staff remind the responsible security staff weekly to pass the cash to patrolling property management staff for delivery in a timely manner. These procedures apply to customers with their own bank accounts and with bank accounts held on trust by the Group.

Amounts of management fees received by the Group is inputted into the internal system by the Group's accounting staff to compare and analyse, if applicable, the cash flow of receipt of management fees with that of the previous month. Cross-checking between (i) receipts and bank statements; and (ii) remaining pre-printed receipts kept by the security guard and outstanding management fees are conducted by the Group's accounting clerks from time to time, either in the Group's office or at the site, to ensure no fraud or unintended loss in the course of collection, safekeeping and delivery. The cross-checking is performed by the Group's accounting clerks and reviewed by an accounting supervisor of the Group. A list of outstanding management fees will be drafted accordingly and a residents' payment table will be posted in the lobby of the building as a reminder. Overdue payments are followed up by issuing letters of notification or filing for court proceedings at different phase during the course of outstanding. Details are set out under the subsection headed "Services" in this section.

A more computerised process is adopted for some estate-type properties. On-site accounting staff is responsible for collecting management fees and logging receipt in the record book. Receipts are generated by the computer system for payees' record and the collected fees are banked-in by the accounting staff on a daily basis. After the log-out time of computer system of each day, the on-site manager will perform a day-end reconciliation of record book of receipt, the collection report generated by the computer system and the bank deposit receipt.

The Group's internal controls on cash management were implemented before April 2010. Since the cash misappropriation incidents (as detailed above in the paragraph headed "Internal Control" of this section) were uncovered by the accounting staff under the stipulated regular reconciliation procedures, the internal controls served its purpose in uncovering the incidents. Recognising that it is infeasible to demand all residents to make payment of property management fees by cheque, collection of management fees in cash by the Group's staff is inevitable. In light of the fact that (i) the amounts involved in the two cash misappropriation cases in May 2010 and August 2012 were not significant; (ii) the two cash misappropriation cases were promptly identified by the Group within around one month in the course of performing its routine internal control procedures; (iii) no senior level staff was involved in the two misappropriation cases; (iv) there is specific internal guideline on collection of property management fees; and (v) several levels of review performed by accounting staff and accounting supervisors are observed, the Directors consider, and the Sponsor concurs, that the internal control are effective and sufficient to protect the Group from cash misappropriation.

Considering the above measures, the Directors are of the view that there are proper record of cash received and payment made by the Group on behalf of the owners' corporation during the Track Record Period. After reviewing samples of payment/receipt record made by the Group on behalf of the owners' corporations during the Track Record Period, the Sponsor concurs with the Directors' view that proper record of cash received and payments made by the Group on behalf of the owners' corporations were kept during the Track Record Period.

Segregation of cash

Depending on the arrangement with its customers, the Group handles its customers' cash in three ways to segregate the Group's cash from that held by the Group on behalf of its customers, namely the first, the second and the third arrangement as detailed in the paragraph head "Finance Management" of subsection headed "Services" of this section.

The persons responsible for monitoring the effectiveness of the above cash management and segregation of cash procedures include Mr. Cheng Kam Hung, the senior administrative and accounting manager, and Ms. Liu Wai Ming, the assistant accounting supervisor. Details of the academic background and experience of Mr. Cheng are set out in the section headed "Directors, Senior Management and Staff" in this prospectus. Ms. Liu obtained a Higher Diploma in Accountancy from Hong Kong Institute of Vocational Education (Lee Wai Lee) in July 2009. Ms. Liu worked as an assistant accountant in Yes Television (Hong Kong) Limited between November 2011 and 2012.

Fixed Asset Management

Management of fixed assets is responsible by the administration department of the Group.

Requisition for fixed assets will be reviewed before approval by the Directors. The senior administrative and accounting manager can approve on behalf of the Directors for purchase of fixed assets costing less than HK$1,000.

When the Group needs to acquire fixed assets of higher value (e.g. vehicles, properties etc.), the acquisitions should be discussed and passed by Board resolutions. The decisions of acquisitions have to be discussed and passed in Board meetings after which Directors' signatures are required to execute the contracts.

The administrative department will execute the procurement according to the approved requisition form. The administration department will strive to negotiate with suppliers the most favourable terms to the Group, compare the price offered by different suppliers, and select the one most favourable to the Group.

Compliance with laws

In order to ensure compliance with the regulatory requirements in the property management industry in Hong Kong, the Group has adopted the following measures:

(i) since December 2012, the Group has retained a legal adviser to review and advise on the Group's regulatory compliance in respect of laws and regulations relevant to the property management industry in Hong Kong, including the Building Management Ordinance, the Security and Guarding Services Ordinance, the Electricity Ordinance and the Minimum Wage Ordinance. Starting from December 2012, the Company's legal adviser has reviewed and will continue to review all new and renewed contracts with customers with monthly contract sum not less than HK$120,000 to ensure compliance with the Building Management Ordinance. Besides, the legal adviser has reviewed and will continue to annually review a portion of the other contracts with monthly contract sum below HK$120,000;

(ii) the Group has established a compliance committee comprising Mr. Ho Ying Choi, the Group's chief executive officer, Mr. Fong Shek Hung and Mr. Lau Ping Kwai, the associate directors of KSU*(note)*, and Mr. Cheng Kam Hung, the Group's senior administrative and accounting manager, to oversee the on-going compliance matters and (renewals of) contracts with customers. One member of the compliance committee, Mr. Fong Shek Hung, joined the Group in May 2011 as senior property manager. He was the district general manager of Synergis Management Services Limited before joining the Group, and he took part in its business process management committee. Besides, in obtaining his Diploma in Housing Management, he took courses in laws with sessions in Building Management Ordinance and common law. At all material time during the Track Record Period, Mr. Fong was not directly involved in the review of services contracts in compliance with the Building Management Ordinance. The compliance committee can have access to the legal advice on compliance matters on an on-going basis as mentioned above. The compliance committee has reviewed contracts signed in the year of 2013 and will continue to review contracts with customers (including their renewals);

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group's administration or overall standard; and (iii) the Group's customer relations.

(iii) quarterly meeting is held by the compliance committee to review the on-going compliance with relevant laws and regulations. A table setting out the validity period of each licences and permits of the Group is maintained and reviewed by the compliance committee during the quarterly meeting to ensure all licences and permits are valid and subsisting and that the renewals of such licences and permits are made in a timely manner. The minutes of the quarterly meeting of the compliance committee is reported to the Board or the Audit Committee;

(iv) the executive Directors and senior management of the Group attend ongoing training courses organised by the Company's legal adviser or any other law firms of Hong Kong in respect of compliance with the GEM Listing Rules, laws and regulations relevant to the property management industry and security industry in Hong Kong, so as to refresh and update the Directors and senior management of the Group on the relevant laws and regulations which concerns the Group, its management, business and/or operations. A training session was provided by Michael Li & Co. to all Directors and some of the senior management members of the Group on 28 August 2012 and 1 August 2013 on understanding the GEM Listing Rules; and

(v) the Group will disclose the conducting of the said ongoing quarterly training courses in the Company's annual reports.

In respect of the compliance with the Building Management Ordinance and renewal of contracts, the following additional measures have been adopted:

(vi) Each associate director of KSU*(note)* keeps a list of all the contracts under his supervision with expiry dates. The lists are updated bi-weekly. Six months before the expiry of a contract, an action case report is registered in the Group's internal system to remind respective property managers to take timely action to arrange a general meeting for passing the resolution for renewal of the contract and return the newly renewed contract. The related property management staff advises the owners' corporation customer to arrange the renewal of the contract in the coming general meeting. The action case report would remain "in action" in the Group's internal system and would only be deleted with the authority of an associate director of KSU*(note)* if and when the renewal of the contract is completed in accordance with the Building Management Ordinance. The progress of renewals of services contracts is regularly discussed in the Group's regular operation meeting. Cases which the customers have yet to arrange general meeting to renew services contracts with the Group 3 months prior to expiry would be reviewed by the compliance committee. If any owners' corporation customers refuse to convene general meeting to approve the renewal of services contracts with the Group, the Group's senior property manager (or a higher ranking officer) will explain the relevant requirements in law to the owners' corporation customers. Should a customer persistently refuse to follow the advice, the matter will be escalated to an associate director of KSU*(note)* or Director to deal with the customer directly. However, if efforts are in vain, the Group will not renew the relevant services contracts. Before signing the renewed contracts, the Directors will review whether the renewal has been approved in an owners' general meeting. The Group will ensure the customers to renew the services contracts in accordance with the Building Management Ordinance (if applicable). In cases where the Building Management Ordinance applies and the customers decline to renew the services contracts in accordance with the Building Management Ordinance, the Group will not renew the services contracts with the customers;

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group's administration or overall standard; and (iii) the Group's customer relations.

(vii) It is compulsory that the new contracts with new owners' corporation customers and renewed written contracts of existing owners' corporation customers would contain a contract term specifying that the customer shall renew the contract in accordance with the Building Management Ordinance upon renewal; and

(viii) The Group's compliance committee reviews the position of renewals of services contracts during the regular meetings to ensure that the management staff takes all feasible and practicable steps to renew the contracts in accordance with the requirements of the Building Management Ordinance.

Litigation

Litigation cases, in which the Group is involved, are reviewed by the Group's legal advisers. The Directors from time to time review the progress of the pending litigation cases of the Group, and, if available, with reference to the advices from the Group's legal advisers, assess (i) appropriate strategies in handling the pending litigation cases; and (ii) their impact on the Group's business and financial position.

COMPETITION

For new customers, the Group competes with other property management companies in bidding for both private sector and public sector management contracts. The Directors believe that the private housing market for some newly developed private housing is difficult to penetrate as management services of these private properties are unlikely to be awarded by tender and are normally taken by the original property developers or their associate companies. On the other hand, the competition in management services for other private housing that are open for tender is intense. In 2011, there were 561 establishments in the real estate maintenance management industry. Although these management companies may vary in size, scope of services and financial standing, they are the Group's potential competitors in both public and private property management market. With the large member of potential competitors, the Directors believe that the competition for new business in property management market is intense.

For existing customers, the Group has an established relationship with them and is generally able to secure the renewal of property management contracts as the Group is familiar with their requirements and expectation. The Group's customer retention rate is approximately 92% and 97% for the years ended 31 March 2012 and 2013 respectively. Customer retention rate is calculated as the percentage of customer that retained by the Group throughout the stated period. For each of the year ended 31 March 2012 and 2013, 31 and 11 services contracts with customers were terminated respectively. The revenue generated in the year ended 31 March 2012 by the 31 services contracts terminated in the year was approximately HK$12.0 million, while the revenue generated in the year ended 31 March 2013 by the 11 contracts terminated in the year was approximately HK$5.4 million. The Directors believe that more services contracts were terminated in the year ended 31 March 2012 as the statutory minimum wage was implemented in May 2011 and the Group did not offer unprofitable low prices to retain customers. Save for the effect of the implementation of statutory minimum wage, the Directors consider that the number of termination of services contracts was relatively low. The Directors believe that it would not be easy for the Group's competitors to take over the properties under the Group's management due to the maintained relationship between the Group and its customers as well as the cost and procedures associated with a change in property management company.

INTELLECTUAL PROPERTY RIGHTS

As at the Latest Practicable Date, the Group had the following registered trademarks:

Trademark	**Place of registration**	**Class**	**Registration number**	**Date of registration**
港深聯合物業管理有限公司 KONG SHUM UNION PROPERTY MANAGEMENT CO., LTD.	Hong Kong	36	301895842	21 April 2011
港深	Hong Kong	35, 36, 37, 41, 45	302191301	15 March 2012

Detailed information of the Group's intellectual property rights is set out in the section headed "Intellectual Property Rights of the Group" in Appendix IV to this prospectus.

REAL PROPERTIES

Leased properties

The Group has three leased properties in Hong Kong, for control room and warehouse, and office and storage purposes.

The first property is used as control room and warehouse. It was owned by Sure Profit during the Track Record Period. Pursuant to a provisional agreement for sale and purchase dated 7 November 2012, the property was sold to an Independent Third Party on 28 February 2013. The term of lease lasts for two years from 2 March 2013 to 1 March 2015.

The second leased property is used for office and storage purpose with an approximate saleable area of 2,633 square feet and is owned by More Rise. The tenancy for this leased property will expire on 31 March 2014.

The third leased property is also used for office and storage purpose with an approximate saleable area of 8,147 square feet. It was owned by More Rise during the Track Record Period. Pursuant to a provisional agreement for sale and purchase dated 27 November 2012, the property was sold to an Independent Third Party on 31 January 2013. The term of lease lasts for three years from 1 February 2013 to 31 January 2016.

As More Rise is beneficially owned by both Mr. Ho Ying Cheung and Mr. Ho Ying Choi as to 50% each, the lease in respect of the second leased property is a connected transaction. Further details of these leases are set out in the section headed "Continuing Connected Transactions" in this prospectus.

INVESTMENT IN SECURITIES

The Group invested in three unit trust funds that were purchased before the Track Record Period and in the year ended 31 March 2011. The three unit trust funds have been authorised by the SFC under section 104 of the SFO. These unit trust funds invest in Hong Kong, China and Russia markets. As at 31 March 2012, the fair value of these unit trust funds was approximately HK$5.4 million. The Group disposed of these unit trust funds in March 2013. The details of each fund are set out as below:

Lyxor China A Fund

Lyxor China A Fund (the "**Fund A**") is composed of the following three underlying investments, seeking to capture the potential growth of A-shares, H-shares and/or Red Chips. Fund A does not focus on any particular industry.

— Investment, ranging from 70% to 100% of Fund A's assets, in a portfolio of international blue-chip stocks from all economic sectors and listed on one or more exchanges globally which are constituent stocks of the MSCI All Country World Investable Market Index, excluding any constituent stocks from the S&P/CITIC 50 Index (the "**A-shares Index**");

— Investment gaining exposure to the A-shares Index by entering into an unfunded swap agreement with Societe Generale; and

— Investment in, amongst other investments, Exchange Traded Funds, other collective investment schemes and/or direct investment in H-shares and/or Red Chips representing up to 30% of the net asset value of Fund A.

Notes:

1. A-shares refer to specialised shares of the Renminbi currency that are purchased and traded on the Shanghai and Shenzhen stock exchanges.

2. H-shares refer to the shares of companies incorporated in mainland China that are traded on the Stock Exchange.

3. Red chips refer to stocks listed in Hong Kong, and the controlling shareholder(s) of such companies is/are company(ies) incorporated in, and/or resident(s) of the PRC.

Baring Hong Kong China Fund

Baring Hong Kong China Fund (the "**Fund B**") invests in equities and equity-related securities of companies incorporated in Hong Kong or China, or in companies exercising the predominant part of their economic activity in Hong Kong or China. Fund B allocates around 70% of its assets to financial, information technology, energy and telecommunication services sectors.

HSBC Global Investment Funds — Russia Equity

HSBC Global Investment Funds — Russia Equity (the "**Fund C**") invests in equity and equity equivalent securities of companies listed on a major stock exchange or other regulated market in Russia, as well as companies with significant operations or carry out a preponderant part of their business activities in Russia. Fund C allocates over 80% of its assets to oil and gas, basic materials, financial and telecommunications sectors.

The investment risk associated with the above three listed funds are of medium to high level according to the relevant bank.

Besides, in the year ended 31 March 2012, the Group entered into a foreign currency derivative arrangement with a bank. One agreement was involved in the foreign currency derivative arrangement. The value of the foreign currency derivative arrangement depends on the relative strength of US dollar and Renminbi. Pursuant to the agreement entered into with the bank in 2011, the foreign currency derivative arrangement would last from February 2011 to January 2013. Under the arrangement, the Group will gain if the spot rate of USD/Renminbi on some specific dates during the period between February 2011 to January 2013 is lower than 6.65. The foreign currency derivative arrangement is a pure investment but not a hedging arrangement. The Group entered into the foreign currency derivative arrangement in light of the anticipated appreciation of Renminbi during the year ended 31 March 2011. The reason for entering into such foreign currency derivative arrangement is to capture the potential gain from generally expected appreciation of Renminbi. In fact, the exchange rate of USD/Renminbi was noticeably lower than 6.65 since May 2011 and throughout 2012. The foreign currency derivative arrangement was terminated in April 2012. No principal amount was paid for the foreign currency derivative arrangement, and the Group received approximately HK$0.1 million in the form of cash from the arrangement. The Group recorded gain from this foreign currency derivative arrangement of approximately HK$0.1 million for the year ended 31 March 2012.

The above investments were made by KSU and Q&V. Such investments were authorised by Mr. Ho Ying Choi and Mr. Ho Ying Cheung as directors of KSU, and Ms. Ho Siu Kwan and Mr. Leung Wing Fai as directors of Q&V (having taken the advice of Mr. Ho Ying Choi and Mr. Ho Ying Cheung as the Group's Directors). The qualifications and profiles of Mr. Ho Ying Choi and Mr. Ho Ying Cheung are set out in the section headed "Directors, Senior Management and Staff" in this prospectus.

Save for the Group's interest in its associates or subsidiaries, the Group does not have other investment in securities as at the Latest Practicable Date. It is the intention of the Directors that the Group will not invest in financial or derivative securities (including entering into foreign currency derivative arrangements), other than for the purpose of hedging of financial or business risk of the Group, group reorganisation, repurchase of the Company's shares or acquisition of interest in other business that is made in accordance with the GEM Listing Rules. Since the Track Record Period and up to the Latest Practicable Date, the Group did not enter into any transaction for hedging purpose.

EMPLOYEES

In March 2013, the Group had a total of 2,076 full-time employees. A breakdown of the Group's employees by function as at the same date is set forth below.

	In March 2013
Job function	
Management	23
Property management	144
Accounting and administration	100
Security	1,755
Repair and maintenance, landscape management, lifeguarding and cleaning	54
	2,076

Since security management is part of the Group's core business, employees of the Group comprise mainly security staff, forming over 80% of its total employees. They are positioned at their assigned properties. Administrative staff of functional departments are mainly stationed at the headquarters' office to offer central support. The Group hired fifteen staff who are members of at least one of the following professional bodies: (i) The Hong Kong Institute of Housing; (ii) Chartered Institute of Housing; (iii) Registered Professional Housing Manager and (iv) Royal Institution of Chartered Surveyors as at the Latest Practicable Date.

Licences and qualifications of employees

Pursuant to the Security and Guarding Services Ordinance, all of the Group's employees who provide security work for customers are required to hold valid security personnel permit. As at 29 August 2013, all of the Group's security employees possess either category A or category B of security personnel permit. The Group maintains a control system that monitors and updates the permit status of all of the Group's employees. Three to six months before the expiry of the existing security personnel permit of a security staff, the Group's computer system generates reports reminding the security staff to renew its security personnel permit. In compliance with the regulations, no security staff without a valid security personnel permit is allowed to provide security service to the Group's customers.

Pursuant to the Electricity Ordinance, all of the Group's electrical technicians who provide electrical maintenance work for customers are required to be registered electrical workers. As at 29 August 2013, all of the Group's 38 electrical technicians were grade A or grade B registered electrical workers. The Group maintains a control system that monitor and update the permit status of all of the Group's electrical technicians. Two months before the expiry of the existing registration of an electrical technician, the Group will remind him to renew his registration. No electrical technician without a valid electrical worker registration is allowed to provide electrical maintenance service to the Group's customers.

Although not a statutory requirement, many of the Group's customers require their property managers to have certain number of management staff or on-site security managers possessing certain of the following professional qualifications, such as (i) membership of The Hong Kong Institute of Housing; (ii) membership of Chartered Institute of Housing; (iii) Registered Property Housing Manager; (iv) membership of The Hong Kong Institute of Surveyors; (v) membership of Royal Institution of Chartered Surveyor; and (vi) membership of Chartered Institution of Building Services Engineers. As at the Latest Practicable Date, 15 members of the Group's property management team possessed at least one of the above professional qualifications.

The Directors consider that the Group's employees are important assets of the Group. New employees are required to undergo induction training to familiarise themselves with the rules and regulations of the Group and the requirements of their job.

The Group also places emphasis on the continuing education and training of its staff. Regular trainings are held from time to time to reinforce and update the employees' knowledge on government regulations and the requirement of the Group. Upon any complaint received directing to particular employees, extra training will be arranged to improve the quality of the concerned employees so as to achieve the mutual benefit for both the Group and its employees.

The remuneration package the Group offers to its employees includes salary, discretionary bonuses and allowances. In general, the Group determines employee salaries based on their individual qualifications, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of the Group's decisions with respect to salary raises, bonuses and promotions.

INSURANCE

To cover its risks in respect of the properties it manages, the Group maintains a range of insurance policies that are vital or important to the Group's operation including (i) professional indemnity insurance policy, covering the liability for any loss or damage suffered by the customers in respect of any effects of the negligent acts or omissions of KSU and Q&V, its employees and the third party subcontractors acting on its behalf; limit of indemnity is HK$30 million for any one claim and in the aggregate in any one period of insurance; (ii) public liability insurance policy, covering the liability in respect of any bodily injury or property damage claim arising from or related to the provision of services and caused by the negligent acts or omissions of the Group, its employees; limit of indemnity is HK$10 million for any one claim and unlimited amount for any one period of insurance; (iii) employees' compensation insurance policy, covering the liability to make any payment in respect of the death, injury or disability of the Group's employees under relevant employment laws in Hong Kong; limit of indemnity is HK$200 million for any one claim; and (iv) cash-in-transit insurance policy (if required), protecting the Group and some of its customers against loss of money as a result of burglary or robbery; this policy is jointly taken out by the Group and some of its customers upon request, the limit of indemnity ranges from HK$10,000 to HK$100,000. Some of the Group's customers require the Group to enter into, in the name of the particular customers and the Group, some of the above insurance policies pursuant to the services contracts with the customers. The Group enters into the above insurance policies either in its own name or in joint names with some particular customers as required.

The Group also ensures that any subcontractors arranges and maintains the required insurances in respect of any liability of the Group towards the client that may arise from the performance of the contract by any third party subcontractor engaged by the Group.

Mr. Ho Ying Choi is a Director and the Group's chief executive officer, and a key management executive of the Group. Mr. Ho Ying Cheung is a Director and the Group's chairman, and also a key management executive of the Group. To alleviate the risk of loss of key management personnel, the Group took out life insurance policies to insure Mr. Ho Ying Choi and Mr. Ho Ying Cheung in 2012 and 2013 respectively. Under the policies, the beneficiary and policy holder is the Group and the total insured sum is approximately HK$22.1 million. The Group can terminate the policies at any time and receive cash back based on the cash value of the policies at the date of withdrawal. Mr. Ho Ying Cheung and Mr. Ho Ying Choi will not personally benefit from the life insurance policies, and there is no financial impact on the Group if they retire or leave the Group before the relevant maturity date. The Group has no specific policy on life insurance policy. The Group took out life insurance policies in 2012 and 2013 mainly because Mr. Ho Ying Choi and Mr. Ho Ying Cheung are the core management of the Group. It is one of the Group's risk factors that the Group relied on key management personnel. Anticipating the Listing in 2013, the management of the Group considered that it is in the interest of the Group to mitigate such risk by taking out the above life insurance policies. The Group has no current plan to take out life insurance policies for other Directors and members of senior management.

LITIGATION

In carrying out its ordinary course of business, the Group is subject to the risk of being named as a party in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group generally include (i) claims for employees' compensation by the Group's employees; (ii) claims for personal injury caused by the negligence of the Group and owners' corporations of the properties by passers-by, residents or other users of the respective properties; (iii) claims for property damage or economic loss caused by the negligence of the Group and owners' corporations of the properties by residents or other users of the respective properties; and (iv) claims for property damage caused by the negligence of individual flat owners by other residents or users of the respective properties. Due to the business nature of the Group, the Group is faced with a vast number of customers, employees, property residents, property users and passers-by who may initiate claims of various kinds against the Group, and the Group may not be legally liable for all cases. On the other hand, the Group may also initiate legal proceedings against the residents or users of the respective properties for unsettled management fees on behalf of the owners' corporation.

Save as disclosed herein below, as at the Latest Practicable Date, no member of the Group is involved in any litigation, arbitration or claim of material importance and, so far as the Directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of the Group.

(a) KSU has been named as one of the defendants in a High Court action commenced on 30 May 2012. This is a personal injury claim arising out of an accident sustained by the plaintiff. The accident happened on or about 7 July 2009 when the plaintiff was on her way home. At the time of the accident, the plaintiff was a resident of a building which was managed by KSU as the property management company appointed by the incorporated owners. While walking to the lift, the plaintiff tripped over a bundle of pipes placed on the floor of the lobby of the building. Consequently, the plaintiff lost balance, fell onto the floor and injured her knees and other parts of her body including her right hand and fingers. The plaintiff was hospitalised. As a result of the accident, the plaintiff suffered injuries to both of her knees with fracture of her left patella. As stated in the statement of damages of the plaintiff dated 18 December 2012, as a result of the accident, the plaintiff suffered from left knee pain stiffness of left knee joint and weakness of left lower limb. The insurance company for and on behalf of KSU, filed a defence with the High Court on 14 January 2013. The case has just proceeded beyond the first checklist review hearing and the stage of exchanging witness statements. A joint orthopaedic examination took place on 9 July 2013 to verify the condition of the plaintiff. The amount of damages for personal injury sustained by the plaintiff will be assessed by the court and the Company is unable to assess the quantum of the case. As stated in the statement of damages of the plaintiff dated 18 December 2012, the plaintiff claimed for a total of HK$2,150,206 as compensation. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK$25,000,000. The Company's legal adviser as to legal proceedings opined that (i) the public liability insurance policy (the "**PL Policy**") covers the above accident occurred to the plaintiff; and (ii) save as the insurance company shall not be liable for the first HK$3,000, the insurance company would have to pay for the claim to the plaintiff pursuant to the PL Policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim. A checklist review hearing is scheduled to be held on 27 January 2014.

(b) KSU has been named as a respondent in a District Court action commenced on 24 April 2012. This is an employee compensation claim against KSU as a result of an accident arising out of and in the course of employment of the applicant. On 21 September 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant fell from the staircases. As a result of the fall, the applicant sustained spinal cord, head and right hand injuries. The first hearing was held on 28 September 2012 at the District Court of Hong Kong. The insurance company, on behalf of KSU, has admitted its employees' compensation liability on this case. The amount of compensation will be assessed by the Court, therefore the Company is unable to assess the quantum of the case. The insurance company is now in the course of liaising with the applicant's solicitor to arrange for the applicant to attend a joint medical examination. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK$200,000,000. Although the amount of damages of this case cannot be ascertained as at the Latest Practicable Date, the Company's legal adviser as to legal proceedings opined that (i) the employees' compensation insurance policy (the "**EC Policy**") covers such accident occurred to the applicant; and (ii) the insurance company would have to pay for the employees' compensation and costs of this claim to the applicant pursuant to the EC Policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim.

(c) KSU has been named as a respondent in a District Court action commenced on 13 August 2012. This is an employees' compensation claim against KSU as a result of an accident arising out of and in the course of employment of the applicant. On 26 November 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant slipped and fell from the staircases. As a result of the fall, the applicant sustained back injury. By a direction hearing held at the District Court of Hong Kong on 31 January 2013, it was ordered by the court that, among others, (i) a list of earnings of the applicant be filed and served by KSU; (ii) the respective list of documents be filed by the parties of the case; (iii) all witness statements be filed and served by the parties of the case; and (iv) the first hearing of 1 February 2013 be vacated.

On 17 April 2013, KSU was named as the defendant in a personal injuries action commenced in the District Court in respect of the same accident, initiated by the same injured employee. KSU filed its defence with the District Court on 30 May 2013, and the plaintiff filed its reply in response on 26 June 2013.

The checklist review hearing was held on 18 September 2013. The amount of compensation will be assessed by the Court and the Company is unable to assess the quantum of the case. As stated in the statement of damages of the applicant dated 17 April 2013, the maximum amount of the claim made by the applicant is HK$870,197.35. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK$200,000,000. Although the amount of damages of this case cannot be ascertained as at the Latest Practicable Date, the Company's legal adviser as to legal proceedings opined that (i) the EC Policy covers such accident occurred to the applicant; and (ii) the insurance company would have to pay for the employees' compensation and costs of this claim to the applicant pursuant to the EC Policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim.

(d) KSU was named as a third party on 4 May 2012 by the first and third defendant in a High Court action commenced on 24 August 2011 regarding a personal injury action. This is a personal injury claim against, among others, a scaffolding company and the incorporated owners of the building (of which the property managed by KSU, a commercial arcade within the building, forms part), for death caused to the deceased, who was employed by the scaffolding company, in an accident that took place at a canopy of the building. The plaintiff did not claim against KSU in the main action, however, the scaffolding company (the first defendant) and the incorporated owners of the building (the third defendant) filed a third party notice against KSU on 31 May 2012. KSU filed its defence on 3 October 2012 and the date of the trial had been fixed to be held at the High Court on 15 September 2014 to 30 September 2014. The amount of damages will be assessed by the court and the Company is unable to assess the quantum of the case. As stated in the revised statement of damages of the plaintiff dated 11 September 2012, the plaintiff claimed for a total of HK$3,562,688.53 (after deducting the amount of the employees' compensation in the sum of HK$861,000 which had already been received by the deceased's estate). The hearing will be held on 15 September 2014 to 30 September 2014.

KSU was employed by the owners' committee of the commercial arcade to manage the interior common parts of the commercial arcade whereas the accident took place outside the area managed by KSU. It was claimed that KSU had the management and control of the commercial arcade, including the canopy and the external wall. However, KSU submitted that it had been appointed by the owners' committee of the commercial arcade to manage the interior common parts of the commercial arcade. The chairman of the owners' committee of the commercial arcade also gave evidence that the exterior walls and external parts of the building had always been managed and controlled by the incorporated owners of the building and/or its building manager. The Company's legal adviser as to the legal proceedings opined that (i) KSU will not be liable for the damages claimed by the first and third defendants unless and until (a) the first and third defendants had been held liable by the court for the plaintiff's claims in the main action; (b) such defendants' claims against KSU had been established, and it was pre-mature to determine whether the indirect claim against KSU would be substantiated or not; (ii) KSU has a good defence in the third party claims; (iii) the PL Policy does not cover the above accident occurred to the deceased since KSU did not report the accident to the insurance company within the prescribed time limit; and (iv) in the event that the court holds KSU liable to the claim, the maximum amount of potential liability of KSU would be the total amount of the claims, i.e. HK$4,423,688.53 after deducting the amounts which the scaffolding company and the incorporated owners of the building could convince the court to reduce in their defence to the plaintiff's claim in the main action plus the costs of the proceedings.

Considering that the deceased was not an employee of the Group and that the accident occurred outside the area managed by the Group, the Group did not envisage that KSU would be drawn into this case and no report was made to the Group's insurance company regarding the accident as the Group would normally do for an accident that took place in an area under the management of the Group.

It is the view of the Reporting Accountants that since there is no present obligation to pay, and the chance of possible obligation to pay is remote based on the circumstances of the case as well as the legal adviser to the Company as to legal proceedings opined that KSU has a good defence in the third party claims, no provision for this case is considered necessary to be recognise in the financial statements of the Group.

(e) On 15 July 2013, KSU issued a writ to one of its customers being an owners' corporation (the "**Defendant**"), claiming an amount of HK$113,958 for the total sum of the fixed service charges as well as expenses incurred by KSU for the management of the property of the Defendant for the period from 1 November 2012 to 31 January 2013. The Defendant filed its defence and counterclaim on 5 September 2013. According to such defence and counterclaim, the Defendant avers that KSU is not entitled to the claim for the said sum on the ground that KSU was in breach of its duties under the management agreement entered into between KSU and the Defendant for failing to, inter alia, provide certain financial statements as well as all the relevant documents and receipts for the various expenses incurred in managing the relevant property. Further, the Defendant alleged that KSU was in breach of another agency agreement entered into between the Defendant and an advertising company. The Defendant did not state the amount of its counterclaim (the "**Counterclaim**") against KSU in its defence and counterclaim. KSU was insured against its professional liability by an insurance company and the maximum amount of compensation under the professional indemnity insurance policy (the "**Professional Indemnity Insurance Policy**") payable is HK$30,000,000 per claim. Given that (i) KSU maintained that the relevant documents, including income and expenditure statement and balance sheet and all the relevant documents and receipts for various expenses (if available), had already been provided to the Defendant; and (ii) the agency agreement was made directly between the Defendant and the said advertising company, to which KSU is not a party and has no relationship with the said advertising company, and all the advertising income paid by the advertising customers were paid by the said advertising company directly to the Defendant, not through KSU, the Company's legal adviser as to legal proceedings opined that (i) KSU had a good defence to the Counterclaim; and (ii) it is likely that KSU's liability to the Counterclaim, if any, will be covered by the Professional Indemnity Insurance Policy.

The Directors will from time to time review the progress of the pending litigation cases of the Group, and, if available, with reference to the advices from the Group's legal advisers, to assess (i) appropriate strategies in handling the pending litigation cases; and (ii) their impact on the Group's business and financial position.

The Group maintains a range of insurance policies in its own name or in the joint names of the Group and its customers to protect the Group against legal or other business risks. In particular, the Group maintains (i) public liability insurance policy; (ii) employer's indemnity insurance policy for all employees; (iii) property all risk insurance policy for all of the properties it manages and; (iv) professional indemnity insurance policy. The Directors believe that the claims concerning personal injuries sustained by the employees or third party claimants should be adequately covered by the insurance maintained by the Group.

Furthermore, the Controlling Shareholders entered the Deed of Indemnity, under which they have given joint and several indemnities in favour of the Group against all claims (including any taxation claims), actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any of the members of the Group directly or indirectly as a result or in consequence of any event or transaction occurring on or before the date upon which the Placing become unconditional.

In carrying out its ordinary course of business, the Group is subject to the risk of being named as a party in legal actions, claims and disputes in connection with its business activities. It is the Directors' view that occurrence of litigations is common in the property management industry in Hong Kong. Based on the litigation search conducted on some major property management companies in Hong Kong, it is noted that litigation is common among property management companies.

As at 31 March 2012 and 2013, the Group did not make any provision in its financial statements for pending litigations and various claims because the Directors consider that, except the case in which KSU was named a third party and the legal adviser as to the legal proceedings opined that KSU has a good defence in the third party claim, all these pending litigations and claims could be adequately covered by the Group's current insurance cover. For each of the years ended 31 March 2012 and 2013, the Group incurred settlement compensation and legal cost of approximately HK$0.2 million and Nil respectively, involving one incident.

Having considered the reasons listed above, namely (i) the Directors' belief that the claims listed above should be adequately covered by the insurance maintained by the Group; (ii) such claims are indemnified by the Controlling Shareholders under the Deed of Indemnity; (iii) historically the Group only incurred insignificant amount of settlement compensation and legal cost; and (iv) the Directors' view that occurrence of litigations is common in the property management industry in Hong Kong, the Directors consider, and the Sponsor concur, that the above listed claims have no material impact on the operation of the Group.

Upon completion of the Placing and the Capitalisation Issue (but without taking into account of any Shares which may be issued pursuant to the exercise of share options which may be granted under the Share Option Scheme), the Controlling Shareholders will hold 300,000,000 Shares, representing 75% of the total issued Shares.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

The Directors expect that there will not be any other significant transactions between the Group and the Controlling Shareholders upon or shortly after the Listing. Having considered the following factors, the Company believes that the Group is capable of carrying on the business independently from the Controlling Shareholders and their respective associates after the Listing.

Management independence

Although the Controlling Shareholders will retain a controlling interest in the Company upon completion of the Placing and the Capitalisation Issue, the day-to-day management and operations of the business of the Group will be the responsibility of all the Directors. The Board has 6 Directors comprising 2 executive Directors, 1 non-executive Director and 3 independent non-executive Directors.

Each of the Directors is aware of his fiduciary duties as a Director which require, among others, that he must act for the benefit and in the best interest of the Company and the Shareholders as a whole and must not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interests arising out of any transaction to be entered into between the Company and the Directors or their respective associates, the interested Director(s) will abstain from voting at the relevant meeting of the Board in respect of such transactions and shall not be counted in the quorum. In addition, the Company has independent senior management team to carry out the business decisions of the Group independently.

Based on the above factors, the Directors are satisfied that they are able to perform their roles in the Company independently, and the Directors are of the view that the Company is capable of managing the business independent from the Controlling Shareholders after the Listing.

Operational independence

The Group holds all relevant licences necessary to carry on the businesses, and has sufficient capital, equipment and employees to operate the businesses of the Group independently of any of the Controlling Shareholders.

The Group has established its own organisational structure made up of individual departments, each with specific areas of responsibilities. The Group has three leased properties in Hong Kong, for control room and warehouse, and office and storage purposes. One property is leased from More Rise. More Rise is owned by both Mr. Ho Ying Cheung and Mr. Ho Ying Choi as to 50% each, and is an associate of the Controlling Shareholders. Save for this leased property, the Group does not share any operational resources, such as suppliers, customers, facilities, equipment, sales and marketing and general administration resources with the Controlling Shareholders and their respective associates.

Administrative independence

The Group has its own capabilities and personnel to perform all essential administrative functions including financial and accounting management. Save for the fact that Mr. Lau Ping Kwai, an associate director of KSU*(note)*, is the spouse of Mr. Ho Ying Cheung's cousin, the Group's senior administrative and accounting manager, the company secretary and the senior management staff are independent of any of the Controlling Shareholders.

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group's administration or overall standard; and (iii) the Group's customer relations.

Financial independence

Certain banking facilities of the Group were secured by, among other things, properties of related parties, unlimited guarantees from the Directors (who are also Controlling Shareholders), a director of KSU and related parties and subordination of the loan from a Director. These guarantees, legal charges and corporate guarantees given by executive Directors (who are also Controlling Shareholders) and related parties will be released upon Listing, demonstrating the Group's financial independence from the Controlling Shareholders and their associate(s). As such, the Directors consider that the Group can operate independently of the Controlling Shareholders from the financial perspective.

Given the above reasons, the Directors consider that the Group has no financial dependence on the Controlling Shareholders.

COMPETING INTERESTS

The Directors confirm that none of the Controlling Shareholders or Directors is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

CORPORATE GOVERNANCE MEASURES

The Company will adopt the following measures to strengthen the corporate governance practice and to safeguard the interests of the Shareholders:

(i) the Articles provide that except for a few exceptions set out in Note 5 to Appendix 3 of the GEM Listing Rules, a Director shall not vote nor shall he/she be counted in the quorum on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her associates is materially interested;

(ii) the independent non-executive Directors will review, on an annual basis, the compliance with the Deed of Non-competition by the Covenantors, details of the Deed of Non-competition and the Covenantors are set out in the section headed "Substantial, Controlling and Significant Shareholders";

(iii) the Covenantors undertake to provide all information requested by the Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

(iv) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of the Covenantors in the annual reports of the Company; and

(v) the Covenantors will make an annual declaration on compliance with the Deed of Non-competition in the annual reports of the Company.

Further, any transaction that is proposed between the Group and the Controlling Shareholders and their respective associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders' approval requirements.

With the measures set out above, the Directors believe that the interest of the Shareholders will be protected.

The Group previously entered into certain related party transactions in respect of lease of premises during the Track Record Period, the details of which are set out under note 22(h) to the accountants' report set out in Appendix I to this prospectus. Rental expenses of approximately HK$1.5 million and HK$1.4 million for the year ended 31 March 2012 and 2013 respectively, were incurred and were payable to the Group's then related parties. The following table sets out the breakdown of rental expenses payable to related parties during the Track Record Period:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Exempt Continuing Connected Transactions		
Rental payable to More Rise for:		
— Tuen Mun Office and Storage Property	156,000	156,000
Discontinued Connected Transactions		
Rental payable to More Rise for:		
— Hung Hom Office and Storage Property	1,080,000	900,000
— Hung Hom Warehouse Property	141,800	—
Rental payable to Sure Profit for:		
— Hung Hom Control Room and Warehouse Property	162,000	329,000
	1,539,800	1,385,000

The rental payable to More Rise was in respect of three properties, two of them, namely, Tuen Mun Office and Storage Property and Hung Hom Office and Storage Property are used as office and storage and the remaining one, Hung Hom Warehouse Property was used as a warehouse. Only the lease for Tuen Mun Office and Storage Property will become continuing connected transactions (within the meaning of the GEM Listing Rules) of the Group after Listing.

Discontinued Connected Transactions

Hung Hom Office and Storage Property was held by More Rise, which pursuant to a provisional agreement for sale and purchase dated 27 November 2012, was sold to an Independent Third Party on 31 January 2013. Hung Hom Warehouse Property was a leased property of More Rise and was sub-let to the Group. The Group ceased to lease and occupy the Hung Hom Warehouse Property in April 2012 upon termination of the lease with More Rise.

Hung Hom Control Room and Warehouse Property was held by Sure Profit and was used by the Group as control room and warehouse. The Group started to rent Hung Hom Control Room and Warehouse Property from Sure Profit from October 2011. The monthly rental paid to Sure Profit was HK$27,000 between October 2011 and June 2012 and HK$31,000 between July 2012 and November 2012. No waiver of rental was given to the Group for the use of this property. Pursuant to a provisional agreement for sale and purchase dated 7 November 2012, the property was sold to an Independent Third Party on 28 February 2013.

The property valuers of the Company, GA Valuation Limited, has confirmed that the rent payable by the Group in respect of the Hung Hom Control Room and Warehouse Property for the period from October 2011 to June 2012 reflects the then market rent and is fair and reasonable. Market rent is intended to mean the estimated amount for which a property, or space within a property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

The Directors confirmed that, save for the fact that the rental for the Hung Hom Control Room and Warehouse Property between 1 October 2011 and 30 June 2012 at a monthly rental of HK$27,000 was made without a written agreement, these related party transactions were conducted in the ordinary course of business and on normal commercial terms.

Exempt Continuing Connected Transactions

On 7 March 2013, More Rise, as the owner of the Tuen Mun Office and Storage Property, and KSU entered into a rental agreement (the "**Tuen Mun Office Lease Agreement**") under which the Tuen Mun Office and Storage Property in Hong Kong is leased to KSU for a term of one year at a monthly rental of HK$21,000. The principal terms are summarised below:

Parties:	KSU, as tenant
	More Rise, as landlord
Location of the property:	Hong Kong
Rent:	HK$21,000 per month
Term:	From 1 April 2013 to 31 March 2014

For each of the years ended 31 March 2012 and 2013, the aggregate rent paid by KSU to More Rise in respect of the Tuen Mun Office and Storage Property were HK$156,000 and HK$156,000 respectively.

Mr. Ho Ying Cheung and Mr. Ho Ying Choi are executive Directors and Controlling Shareholders. More Rise is beneficially owned by both Mr. Ho Ying Cheung and Mr. Ho Ying Choi as to 50% each. If the Company is listed on GEM, More Rise would be a connected person of the Company pursuant to Chapter 20 of the GEM Listing Rules, and the above transactions would be continuing connected transactions.

The property valuers of the Company, GA Valuation Limited, has confirmed that the contracted rent payable under the Tuen Mun Office Lease Agreement reflects the then market rent and is fair and reasonable. Market rent is intended to mean the estimated amount for which a property, or space within a property, should lease on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion.

Since the percentage ratios (other than the profits ratio), where applicable, calculated by reference to Rule 19.07 of the GEM Listing Rules, for the Tuen Mun Office Lease Agreement on an annual basis are less than 5% and the annual consideration for the transactions is less than HK$1,000,000, pursuant to Rule 20.33(3)(c) of the GEM Listing Rules, the transactions under the Tuen Mun Office Lease

Agreement (the "**Exempt Continuing Connected Transactions**") are exempted from the reporting, annual review announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) confirm that the Exempt Continuing Connected Transactions were entered into on normal commercial terms and are in the ordinary and usual course of business of the Group.

CONFIRMATION FROM THE SPONSOR

The Sponsor is of the view that the Exempt Continuing Connected Transactions were entered into on normal commercial terms and in the ordinary and usual course of business of the Group.

BUSINESS OBJECTIVE

The business objective of the Group is to further the growth of its property management business and increase its market share by (i) penetrating into the property management market in old urban districts; and (ii) broadening its customer base in the non-residential property market in order to strengthen its position as one of the major property management companies in Hong Kong.

BUSINESS STRATEGIES

The Group aims to achieve the abovementioned objective through the following principal business strategies:

1. Implementation of old district property management scheme

According to the Consultation Paper (as discussed under the sub-section headed "Present state of the property management industry in Hong Kong" in the section headed "Industry Overview" of this prospectus), around 7,000 private buildings in Hong Kong, mainly old tenement buildings, do not employ a property management company, and do not have an owners' corporation or any form of resident organisation. As advised by the Directors, many of these buildings in old urban districts in Hong Kong lack basic or reasonable security facilities and have limited number of flats in a building. The small number of flats makes them uneconomical for property management companies to provide basic property management services, such as the minimum security protection by despatching at least one security guard at all time, hence endangering the safety of its residents and building facilities. In view of the above, the Group has formulated a scheme to offer property management services with security protection to these buildings in an economical way. Major features of the scheme are set out below:

— assisting residents in establishing owners' corporation;

— providing basic security facilities and carrying out improvement to the building facilities, such as installing a security entrance gate, providing basic structural repairs or renovation through engagement of third party subcontractors; and/or

— entering into property management agreements with several buildings that are in proximity, minimising the operating costs by utilising the Group's security infrastructure such as the 24-hour security control room and sharing security manpower in providing security and management services.

Since this scheme involves initial expenditure on improvement of security and building facilities, estimated to range from HK$120,000 to HK$180,000 for each building, or approximately HK$150,000 on average, the Group will enter into property management agreements with the respective owners' corporation for a longer term ranging from 3 to 10 years. The receivable amounts are to be recovered from customers by irrevocable installment (with interest on top of the monthly service fee for provision of property management service) over a period of 3 to 10 years to ensure that the payments for the improvement works are kept at an affordable level. The installment payment is irrevocable and the unsettled receivable will be due immediately if the property management agreement is early terminated.

The commercial rationale for this scheme is to provide the improvement works and management services with affordable and competitive pricing and flexible payment arrangement that suits the needs of the customers. Under the old district property management scheme, the Group expects to enter into property management agreements with the respective owners' corporation for a longer term from 3 to 10 years. The flexibility for customers to choose the suitable contract term is one of the features of the scheme. The duration of the contract will mainly depend on the needs and affordability of the customers (i.e. whether the customers can afford and are willing to settle the initial improvement cost over a short period of time). The customers will be under binding contracts to appoint the Group as the property management company during the duration of contracts.

It is not the Group's policy to manage properties that are in poor maintenance condition. The details of such restrictions are set out in the paragraph headed "Tendering and Revenue" in the section headed "Business" of this prospectus. Under this old district property management scheme, the Group intends to target those old tenement buildings that may lack basic or reasonable security facilities, yet the maintenance conditions of which are acceptable, or it is possible to upgrade the facilities to an acceptable standard.

The Directors believe that by introducing this scheme to buildings in old urban districts, the following objectives would be achieved:

(a) enhancing the security and living conditions of the buildings;

(b) building the Group's image as a socially responsible enterprise;

(c) expanding the Group's market share in the property management industry in Hong Kong; and

(d) creating new business potential for the Group's further development.

Under this old district property management scheme, the Group targets single tenement buildings mainly in old and developed districts. Although the Group targets old tenement building under this scheme generally, the Group has not set a specific limit on the age of old tenement buildings. The Group has over 25 years' experience in managing tenement buildings. Currently, the Group is providing property management services to around 400 properties. As shown in the table on page 76 of this prospectus, more than 20% of properties under the Group's management were old tenement buildings built before 1970 as at 31 December 2012. The team responsible for the old district property management scheme will be led by Mr. Lau Ping Kwai, the associate director of KSU*(note)*, and Mr. Yeung Pui Hung, the senior property manager of KSU. They have about 15 years of experience in managing residential properties, including old tenement buildings. Their qualifications and profiles are set out in the section headed "Directors, Senior Management and Staff" in this prospectus.

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group's administration or overall standard; and (iii) the Group's customer relations.

The Group will assist the residents of old tenement buildings to form the owners' corporation first, and enter into the property management contract with the established owners' corporation before engaging the subcontractor. No special qualifications or expertise is required in assisting residents in establishing owners' corporations.

Specialist subcontractors will be employed to install basic security facilities and carry out improvements to the building facilities. The Directors expect the improvement work to be carried out will fall under the minor works control system under the Buildings Ordinance. Under the current minor works control system, the person who arranged for the minor works to commence or to be carried out should employ prescribed building professionals and/or prescribed registered contractors to do so, without the need to obtain prior approval of plans and consent in writing for the commencement of the works from the Building Authority. The Group will engage properly registered and employ prescribed building professionals and/or prescribed registered contractors to carry out the planned works. As advised by the Directors, the Group has in the past been appointed by the customers to supervise the improvement works carried out by contractors on the properties under its management, such as building work and replacement of water pump. Therefore, the Directors consider that the Group has the relevant experience and expertise required to monitor and supervise the performance of the subcontractors. The Directors consider that the operational procedures in providing services to customers under this scheme are substantially the same as those for the Group's other customers. Besides, under the Group's current implementation plan, the Group will provide services to 25 customers by 31 March 2016, such number is substantially smaller than the Group's current number of customer of 395 as at 31 March 2013. In light of these, it is the Directors' view that the implementation of such scheme will not constitute a change in the Group's business model and focus.

According to the Consultation Paper, around 7,000 private buildings in Hong Kong, mainly old tenement buildings, do not employ a property management company, and do not have an owners' corporation or any form of resident organisation. Many of these buildings in old urban districts in Hong Kong lack basic or reasonable security facilities and have limited number of flats in a building. This phenomenon in Hong Kong is widely publicised. A number of news reports unveil that some of these old tenement buildings cannot afford to have security services on a full-time basis or basic security facilities. As confirmed by the Directors, the Group has also been approached by some old tenement buildings tenants/owners to provide property management services to them. However, as a private company group before Listing, the Group lacks capital resources to provide basic security facilities and launch the service in a large scale and in a cost effective manner.

The scheme will affect the Group's cost structure in a number of ways. For each individual project undertaken, the Group will incur up front subcontracting charges for the provision of improvement work and will recognise one-time revenue for the provision of improvement work in the outset. Although the receivables for the improvement of security and building facilities will be by installment, one-time revenue for the provision of improvement work will be recognised when the improvement facilities are completed and the Group bills the customers for the completed improvement facilities. As the Group will appoint subcontractor to carry out the improvement work only after it has entered into the relevant property management agreement, the Group will not incur initial expenditure on the improvement work before entering into the property management agreement and it is unlikely that the Group will suffer loss from the provision of improvement work if the improvement work is completed within budget (other than the credit risk as explained below) and the Group currently expects to generate positive contribution from taking the management projects under the scheme. The receivable for the improvement work will be recovered by installment. Interest income will be recognised during the recovery of receivable amounts over the installment period. The Group plans to establish two management teams for promoting and organising the scheme by March 2016, and will incur overhead expenses of approximately HK$3.2 million therefor. The Group does not expect to make significant investment in equipment under this scheme and no significant depreciation charge will be incurred. Save for the above, there is no difference in the cost structure under the scheme and that of the Group's normal business.

The Directors consider that the implementation of the scheme under its current plan would have the following impact on the Group's business risk profile and financial performance:

Credit risk

The scheme involves the provision of security facilities and improvement works and the relevant receivable amounts will be recovered from customers by installment over a period ranging from 3 to 10 years. Since the security facilities and improvement works will be provided at a gain, the gross receivable will be higher than the cost and will range from approximately HK$170,000 to HK$220,000, depending on the period of installment. This is generally higher than the service fees receivable due from a typical customer. However, as confirmed by the Directors, it is the Group's experience that the credit risk associated with owners' corporations is generally low as the Group did not record any bad debt in the Track Record Period. Besides, according to the Building Management Ordinance, an owners' corporation may be wound up under the provisions of Part X of the Companies Ordinance as if it were an unregistered company. In the winding up of an owners' corporation under section 33 of the Building Management Ordinance, the owners shall be liable, both jointly and severally, to contribute, according to their respective shares, to the assets of the owners' corporation to an amount sufficient to discharge its debts and liabilities. The Group will be subject to credit risk if the customer defaults on instalment payment of service fees. The Group may apply to liquidate its customers that are owners' corporation and recover the sums from owners of properties. However, the liquidation proceedings may be long and considerable management effort may be spent. If the Group decides not to recover the receivable amounts through lengthy legal proceedings, or in the rare case that the assets of the owners' corporations or the owners are insufficient to settle the liabilities, the Group may suffer financial loss.

Liquidity risk

The scheme involves the provision of security facilities and improvement works and the relevant receivable amounts will be recovered from customers by installment over a period of 3 to 10 years. A significant portion of such receivables will be classified as non-current asset. As most of the receivable will not be recovered within the normal operating cycle, additional financial resources are needed in maintaining the Group's operation. The Group may face higher liquidity risk if the Group does not have sufficient working capital to meet financial obligations.

Impact on cost structure and profitability

The Group will incur subcontracting charges and generate revenue from the provision of improvement work. The Group will also generate interest income from the recovery of receivable amounts by installment. As the Group will appoint subcontractor to carry out the improvement work only after it has entered into the relevant property management agreement, the Group will not incur the initial expenditure on the improvement work before entering into the property management agreement and, it is unlikely that the Group will suffer loss from the provision of improvement work if the improvement work is completed within budget and the Group currently expects to generate positive contribution from taking the management projects under the scheme. The Group currently plans to establish two management teams for promoting and organising the scheme by March 2016, and will incur overhead expenses of approximately HK$2.2 million therefor. The Group currently estimates that, under some defined parameters *(note)*, it will recover the overhead expenses over long run if there are no less than 16 customers under the scheme, whereas the Group expects to have 25 customers under the scheme by 31 March 2016 as set out in the implementation plan below. On the other hand, the Group estimates that, under some defined parameters*(note)*, it will break-even and start to generate positive earnings starting from the six months ended 30 September 2015.

Note: the principal parameters include:

— the initial expenditure on improvement of security and building facilities will be HK$150,000 on average;

— property management agreements entered into with the owners' corporation will last for 10 years; and

— the timing and number of new customer is the same as the implementation plan (see below), unless otherwise stated.

Up to the Latest Practicable Date, the Group is formulating the detailed business plan. The Group has not commenced the promotion of the scheme to the general public and has not entered into any services contract with customer under this scheme.

2. Expansion of the property management portfolio

Having focused on management of residential buildings, the Group plans to expand its customer base by putting more resources into management of non-residential properties including commercial centres, industrial buildings, warehouses, car parks, and also public sector facilities such as schools, government offices and laboratories. In the past, the Group has been invited for tendering of various facilities such as car parks, government laboratories and government offices. Since the Group was admitted to the Housing Authority Approved List, the Group meets the tender qualification for certain government projects which will add variety to the Group's customer types as well as increase exposure to the public.

IMPLEMENTATION PLANS

In pursuance of the above business objectives set, the implementation plans of the Group are set forth below for each of the six-month periods until 31 March 2016. Investors should note that the following implementation plans are formulated on the bases and assumptions referred to in the paragraph headed "Bases and Assumptions" below. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set forth in the section headed "Risk Factors" of this prospectus.

For the period from the Latest Practicable Date to 31 March 2014

1. Implementation of the old district property management scheme

Set up development team internally to determine the timetable, objective and resource allocation of the scheme;

— formulate the detailed business plan;

— gather building and flat owners' information in the targeted areas such as Hung Hom, To Kwa Wan and Sham Shui Po in Hong Kong; and

— prepare promotional materials.

2. Expansion of the property management portfolio

— formulate the detailed operation plan and business strategy.

For the six month ending 30 September 2014

1. Implementation of the old district property management scheme

— establish one property management team by hiring one property manager, two property officers and two property assistants;

— host workshops to introduce the scheme to flat owners in targeted areas; and

— assist interested flat owners in forming owners' corporations of their buildings.

2. Expansion of the property management portfolio

— hire additional professional such as maintenance surveyors and building services engineers;

— establish a new property management team with one property manager, one executive manager and two administrative staff;

— prepare promotional materials; and

— take part in tendering of various non-residential property management contracts.

For the six month ending 31 March 2015

1. ***Implementation of the old district property management scheme***

   — enter into management agreement for five buildings, install basic security facilities, carry out building improvement work and start providing management services;

   — host workshops to introduce the scheme to flat owners in targeted areas;

   — assist interested flat owners in forming owners' corporations of their buildings; and

   — evaluate the scheme performance.

2. ***Expansion of the property management portfolio***

   — commence provision of management services to six new non-residential properties;

   — purchase additional equipment such as car park control equipment and elevated working platforms for the expanded customer portfolio;

   — continue to take part in tendering of various non-residential property management contracts.

For the six month ending 30 September 2015

1. ***Old district property management scheme***

   — enter into management agreements for eight buildings, install basic security facilities, carry out building improvement work and start providing management services;

   — assist interested flat owners in forming owners' corporations of their buildings.

2. ***Expansion of the property management portfolio***

   — commence provision of management services to four new non-residential properties;

   — continue to take part in tendering of various non-residential property management contracts; and

   — evaluate the business plan performance.

For the six month ending 31 March 2016

1. ***Old district property management scheme***

— enter into management agreements for 12 buildings, install basic security facilities, carry out building improvement work and start providing management service;

— expand the operation capacity by adding one property management team with one property manager, two property officers and two property assistants; and

— assist interested flat owners in forming owners' corporations of their buildings.

2. ***Expansion of the property management portfolio***

— commence provision of management services to six new non-residential properties; and

— continue to take part in tendering of various non-residential property management contracts.

BASES AND ASSUMPTIONS

Potential investors should note that the attainability of the Group's business objectives depends on the following assumptions:

(1) The Group is not materially adversely affected by any changes in existing government policies or political, legal (including changes in legislations or regulations or rules), fiscal market, or economic conditions in Hong Kong in which the Group carries or will carry on business.

(2) The Group is not materially or adversely affected by any changes in bases or rates of taxation or duties in Hong Kong or in any other places in which the Group operates or is incorporated.

(3) The Group is not materially or adversely affected by any changes in inflation rates or interest rates from those currently prevailing.

Specific assumptions

(1) The Placing will be completed in accordance with and as described in the section headed "Structure and Condition of the Placing" of this prospectus.

(2) The Group is not adversely affected by any of the risk factors set out in the section headed "Risk Factors" of this prospectus.

(3) There are no unforeseen legal, regulatory or operational impediments in carrying out the business strategies.

(4) The market demand for the services under the business strategies will persist in at least the next three years.

REASONS FOR THE PLACING

The Group's business commenced in 1984. Over the past 29 years, the Group has grown to an active property management company in Hong Kong with around 2,000 employees, managing approximately 400 properties in Hong Kong. The business objective of the Group is to further the growth of its property management business and increase its market share in order to strengthen its position as one of the major property management companies in Hong Kong. To this end, the Group will adopt the business strategies as set out in the section headed "Business Objectives and Strategies" in this prospectus. The Directors believe the estimated net proceed from the Placing of HK$24.4 million (after deducting the related underwriting fees and expenses payable in relation to the Listing) based on a Placing Price of HK$0.4 per Placing Share (being the mid-point of the Placing Price range between HK$0.3 and HK$0.5 per Placing Share) will help the Group to implement its business strategies. In addition, the Directors expect the Listing will bring the following benefits to the Company, its shareholders and stakeholders including the many residents of properties managed by the Group:

1. access to the capital market for future growth;

2. promotion of the Group as an active property management company in Hong Kong;

3. enhancement of transparency of the Group's operation; and

4. enhancement of loyalty and morale of the Group's employees and improvement of staff remuneration through granting of share option.

Please refer to the subsection headed "Implementation Plans" under the section headed "Business Objective and Strategies" of this prospectus for a detailed description of the reasons for the Placing.

USE OF PROCEEDS

The Directors consider that net proceeds from the Placing are crucial for financing the Group's business strategies. Details of the Group's corporate strategies and business plans are set forth in the subsection headed "Implementation Plans" under the section headed "Business Objective and Strategies" of this prospectus. The Directors estimate that the net proceeds from the Placing (after deducting underwriting fees and estimated expenses payable by the Group in connection with the Placing) will be approximately HK$24.4 million based on a Placing Price of HK$0.4 per Placing Share (being the mid-point of the Placing Price range between HK$0.3 and HK$0.5 per Placing Share). It is at present intended that the net proceeds will be applied as follows:

- approximately HK$10.5 million, representing approximately 43.0% of the estimated net proceeds, for repayment of bank loan which has to be repaid on demand with an interest rate of 3% per annum above HIBOR;

- approximately HK$6.0 million, representing approximately 24.6% of the estimated net proceeds, for implementation of old district property management scheme: approximately HK$3.8 million to be used for the provision of improvement work for about 25 old district buildings, while approximately HK$2.2 million to be spent on maintaining and establishing property management teams for implementation of the old district property management scheme;

- approximately HK$7.9 million, representing approximately 32.4% of the estimated net proceeds, for expansion of the property management portfolio: approximately HK$3.0 million for salary of administrative staff and office expense, approximately HK$3.6 million for salary of professional staff, approximately HK$0.4 million for other expenses and approximately HK$0.9 million to be reserved for purchase of equipment and hiring of additional staff.

For the period from the Latest Practicable Date to 31 March 2016, the Group's net proceeds from the Placing will be used as follows:

	From the Latest Practicable Date to 31 March 2014 *(HK$ thousand)*	For the six months ending 30 September 2014 *(HK$ thousand)*	For the six months ending 31 March 2015 *(HK$ thousand)*	For the six months ending 30 September 2015 *(HK$ thousand)*	For the six months ending 31 March 2016 *(HK$ thousand)*	Total *(HK$ thousand)*
Repayment of bank loan	10,450	—	—	—	—	10,450
Implementation of old district property management scheme	—	450	1,200	1,650	2,700	6,000
Expansion of the property management portfolio	—	1,230	2,830	1,944	1,944	7,948
Total	10,450	1,680	4,030	3,594	4,644	24,398

If the Placing Price is set at the high-end of the indicative Placing Price range at HK$0.5 per Placing Share, the net proceeds from the Placing will increase to approximately HK$34.0 million. If the Placing Price is set at the low-end of the indicative Placing Price range, at HK$0.3 per Placing Share, the net proceeds from the Placing will decrease to approximately HK$14.8 million. If the Placing Price is finally determined to be less than HK$0.4 (being the mid-point of the indicative range of the Placing Price), the Group will reduce the proposed use of net proceeds on a pro rata basis and will finance such shortfall by internal cash resources, working capital and/or other financing, as and when appropriate. If the Placing Price is finally determined to be more than HK$0.4, the Group will apply the additional net proceeds on a pro rata basis, with the maximum amount used for repayment of bank loan being HK$10.7 million.

To the extent that the net proceeds from the Placing are not immediately required for the above purposes, it is the present intention of the Directors that such net proceeds will be placed as short-term deposits with authorised banks and/or financial institutions in Hong Kong. The Directors consider that the net proceeds from the Placing together with the internal resources of the Group will be sufficient to finance the implementation of the Group's business plans as set out in the subsection headed ''Implementation Plans'' under the section headed ''Business Objective and Strategies'' of this prospectus.

Investors should be aware that any part of the business plans of the Group may or may not proceed according to the timeframe as described under the subsection headed ''Implementation Plans'' under the section headed ''Business Objective and Strategies'' of this prospectus due to various factors such as changes in customers' demand and changes in market conditions. Under such circumstances, the Directors will evaluate carefully the situations and will hold the funds as short-term deposits in authorised banks and/or financial institutions in Hong Kong until the relevant business plan materialises.

BOARD OF DIRECTORS

The Board consists of six Directors, including two executive Directors, one non-executive Director and three independent non-executive Directors. The information of the Directors is set out below:

Name	Age	Position/Title	Roles and responsibilities	Date of appointment
Mr. Ho Ying Cheung	60	Chairman and executive Director	Overall business development and the chairman of the Nomination Committee	15 August 2012
Mr. Ho Ying Choi	53	Chief executive officer and executive Director	Business operation, finance management and sales and marketing and a member of the Remuneration Committee and the Nomination Committee	15 August 2012
Mr. Kam Tak Yeung	67	Non-executive Director	Overall business development	19 September 2013
Mr. Cheung Kwong Wai	52	Independent non-executive Director	A member of the Audit Committee and the Nomination Committee	19 September 2013
Mr. Tong Sze Chung	44	Independent non-executive Director	The chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee	19 September 2013
Mr. Wong Tsz Ho	40	Independent non-executive Director	A member of the Audit Committee, Remuneration Committee and the Nomination Committee	19 September 2013

Executive Directors

Mr. Ho Ying Cheung, aged 60, is the chairman and the founder of the Group, one of the Controlling Shareholders and executive Directors. He was appointed as a Director on 15 August 2012 and is responsible for the Group's overall business development. He is also the chairman of the Nomination Committee. He was appointed as a director of KSU in August 1984. On 15 August 2012, the Company was incorporated in the Cayman Islands as an exempted company with limited liability and one Share was allotted and issued to Codan Trust Company (Cayman) Limited which was transferred to Topgrow on the same date. Mr. Ho Ying Cheung, being one of the beneficial owners of Topgrow, first became a Controlling Shareholder.

Mr. Ho Ying Cheung completed the Hong Kong Certificate of Education Examination in 1971. Mr. Ho Ying Cheung founded KSU in August 1984 together with an independent shareholder. Due to personal reasons, Mr. Ho Ying Cheung transferred his shares to Mr. Ho Ying Choi in August 1992 and resigned as director of KSU in March 1992. He rejoined the Group in May 2007 and has been a director of KSU since then.

Mr. Ho Ying Cheung is the brother of Mr. Ho Ying Choi, an executive Director and one of the Controlling Shareholders. Mr. Lau Ping Kwai, a member of the Group's senior management, is the spouse of Mr. Ho Ying Cheung's cousin. Save as disclosed, Mr. Ho Ying Cheung is not connected with any other Directors or member of senior management, Substantial Shareholders or Controlling Shareholders of the Company.

Mr. Ho Ying Cheung was a director of the following 3 companies which were all incorporated in Hong Kong prior to their respective dissolution:

Name of company	**Principal business activity prior to dissolution**	**Date of dissolution**	**Means of dissolution** *(Note)*	**Reasons for dissolution**
Property Cleaning Supplies (H.K.) Company Limited	Trading of cleaning supplies	August 2005	Deregistration	Cessation of business
Kong Shum Club Limited	Consultancy services	April 2008	Deregistration	Cessation of business
Kong Ho Union Engineering Limited	Engineering	April 2011	Deregistration	Cessation of business

Note: "Deregistration", in the context of Hong Kong law, refers to the process whereby a private company incorporated under the Companies Ordinance which has ceased its operation and is not insolvent applies to the Companies Registry of Hong Kong for deregistration pursuant to section 291AA of the Companies Ordinance.

Mr. Ho Ying Cheung has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Ho Ying Choi, aged 53, is an executive Director, the chief executive officer of the Group and one of the Controlling Shareholders. He was appointed as a Director on 15 August 2012 and is responsible for business operation, finance management and sales and marketing. He is also a member of the Remuneration Committee and the Nomination Committee. He was appointed as a director of KSU in March 1992. On 15 August 2012, the Company was incorporated in the Cayman Islands as an exempted company with limited liability and one Share was allotted and issued to Codan Trust Company (Cayman) Limited which was transferred to Topgrow on the same date. Mr. Ho Ying Choi, being one of the beneficial owners of Topgrow, first became a Controlling Shareholder.

Mr. Ho Ying Choi obtained a Bachelor's degree of Science from Memorial University of Newfoundland (Canada) in 1985.

Mr. Ho Ying Choi is the brother of Mr. Ho Ying Cheung, an executive Director and one of the Controlling Shareholders. Mr. Lau Ping Kwai, a member of the Group's senior management, is the spouse of Mr. Ho Ying Choi's cousin. Save as disclosed, Mr. Ho Ying Choi is not connected with any other Directors, member of the senior management, Substantial Shareholders or Controlling Shareholders of the Company.

Mr. Ho Ying Choi was a director of the following 10 companies which were all incorporated in Hong Kong prior to their respective dissolution:

Name of company	**Principal business activity prior to dissolution**	**Date of dissolution**	**Means of dissolution** *(Note)*	**Reasons for dissolution**
Eastern Real Estate Company Limited	Real estate investment	July 2001	Deregistration	Cessation of business
Hong Kong Real Estate Agency Holdings Limited	Real estate agency	October 2001	Deregistration	Cessation of business
KMW (MBO) Property Services Company Limited	Property management	September 2004	Deregistration	Cessation of business
Regent Power Asia Limited	Property related services	September 2004	Deregistration	Cessation of business
Kong Shum Club Limited	Consultancy services	April 2008	Deregistration	Cessation of business
Lucky Club Investment Limited	Property management	November 2008	Deregistration	Cessation of business
High Ascent Enterprise Limited	Trading and investment	October 2009	Deregistration	Cessation of business
Kong Ho Union Engineering Limited	Engineering	April 2011	Deregistration	Cessation of business
KMW Property Services Company Limited	Property management	June 2011	Deregistration	Cessation of business
Top Crown Asia Limited	Investment	June 2012	Deregistration	Cessation of business

Note: "Deregistration", in the context of Hong Kong law, refers to the process whereby a private company incorporated under the Companies Ordinance which has ceased its operation and is not insolvent applies to the Companies Registry of Hong Kong for deregistration pursuant to section 291AA of the Companies Ordinance.

Mr. Ho Ying Choi has not held any directorship in any other public companies, the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Non-executive Director

Mr. Kam Tak Yeung, aged 67, was appointed as a non-executive Director on 19 September 2013. He is responsible for the overall business development.

Mr. Kam obtained the Certificate of Housing Management from The University of Hong Kong through a long distance learning course in August 1978. He was admitted as a Member of the Hong Kong Institute of Housing in 1999.

Mr. Kam has about 30 years of housing and property management experience. Mr. Kam first served as a student resettlement assistant of the Resettlement Department of Hong Kong for the period from March 1967 to February 1970, and a resettlement assistant from March 1970 to March 1973. Afterwards, Mr Kam was a housing assistant of the Housing Department from April 1973 to November 1978. Mr. Kam then joined the field of housing management and served as an assistant housing manager from November 1978 to August 1986. He was then promoted to housing manager in September 1986 until he retired from the Housing Department in April 1992. For the period from 1994 to 1996, Mr. Kam worked for the sales and marketing of Volvo cars in Canada. Mr. Kam rejoined the field of property management afterwards, serving as a senior property manager of KSU from June 1999 to March 2001. Mr. Kam was appointed as an associate director of KSU[*(note)*] for the period from April 2001 to November 2007 and has retired since then. Between 2008 and 2012, after retirement, Mr. Kam provided advice to the Group on business development on a voluntary and ad hoc basis.

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance and the GEM Listing Rules.

Mr. Kam was a director of the following 2 companies which were all incorporated in Hong Kong prior to their respective dissolution:

Name of company	Principal business activity prior to dissolution	Date of dissolution	Means of dissolution *(Note)*	Reasons for dissolution
KMW (MBO) Property Services Company Limited	Property management	September 2004	Deregistration	Cessation of business
KMW Property Services Company Limited	Property management	June 2011	Deregistration	Cessation of business

Note: "Deregistration", in the context of Hong Kong law, refers to the process whereby a private company incorporated under the Companies Ordinance which has ceased its operation and is not insolvent applies to the Companies Registry of Hong Kong for deregistration pursuant to section 291AA of the Companies Ordinance.

Mr. Kam has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Independent non-executive Directors

Mr. Cheung Kwong Wai, aged 52, was appointed as an independent non-executive Director on 19 September 2013. Mr. Cheung is a member of the Audit Committee and the Nomination Committee. Mr. Cheung has been as a director of Hinterland Realty Limited from April 2008 to December 2012 when it was dissolved by deregistration pursuant to section 291AA of the Companies Ordinance. Mr. Cheung also served as a director of Hing Wai Construction Company Limited for the period from April 1993 to August 2007.

Mr. Cheung completed an S5 Arts & Commerce Evening Class in May 2008, from City College. Mr Cheung obtained the Estate Agents Licence in May 2011 from the Estate Agents Authority.

Mr. Cheung joined the Hong Kong Fire Service Department for the period from February 1981 to April 1986. Mr. Cheung, together with another shareholder founded Hing Wai Construction Company Limited in March 1993.

Mr. Cheung was a director of the following 3 companies which were all incorporated in Hong Kong prior to their respective dissolution:

Name of company	**Principal business activity prior to dissolution**	**Date of dissolution**	**Means of dissolution** *(Note 1 & 2)*	**Reasons for dissolution**
Hing Wai Property Consultant Limited	Construction	March 2003	Striking off	Cessation of business
Hing Wai Construction Company Limited	Construction	August 2007	Deregistration	Cessation of business
Ad Lift Media Limited	Advertising and media	September 2011	Deregistration	Cessation of business
Hinterland Realty Limited	Real estate agency	December 2012	Deregistration	Cessation of business

Notes:

1. "deregistration", in the context of Hong Kong law, refers to the process whereby a private company incorporated under the Companies Ordinance which has ceased its operation and is not insolvent applies to the Companies Registry of Hong Kong for deregistration pursuant to section 291AA of the Companies Ordinance.

2. "striking off", in the context of Hong Kong law, refers to striking off the name of a company from the register of companies by the Registrar of Companies of Hong Kong under section 291 of the Companies Ordinance.

The legal adviser as to the legal proceedings opined that there is no adverse legal consequence or liability to Mr. Cheung as a director and/or member of Hing Wai Property Consultant Limited ("**Hing Wai Property**") as a result of the striking off of the name of Hing Wai Property from the Companies Registry of Hong Kong. Notwithstanding the above, any liability incurred during Mr. Cheung's directorship or membership of Hing Wai Property remains regardless such dissolution. Mr. Cheung confirmed that he has not incurred any liability as a result of his directorship and/or shareholding interests in Hing Wai Property Consultant Limited.

Mr. Cheung confirms that there was no legal consequence/liability sustained by him as a result of the dissolution of Hing Wai Property Consultant Limited by striking off pursuant to section 291 of the Companies Ordinance.

Mr. Cheung has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Tong Sze Chung, aged 44, was appointed as an independent non-executive Director on 19 September 2013. Mr. Tong is the chairman of the Audit Committee and the Remuneration Committee and a member of the Nomination Committee. Mr. Tong is also the financial controller of Sportline Limited which is wholly owned by S.A.S. Dragon Holdings Ltd (Stock Code: 1184).

Mr. Tong obtained a Bachelor's degree of Business Administration from the Open University of Hong Kong through a long distance learning course in December 1998. Mr. Tong was admitted as an associate member of the Hong Kong Society of Accountants (now known as Hong Kong Institute of Certified Public Accountants) in January 2000.

Mr. Tong worked in Dupont China Limited, a branch company of E.I. du Pont de Nemours and Company listed on New York Stock Exchange, for the period from July 1995 to November 1995 and his last position was accounting clerk. He joined Sportline Limited in January 1996 as an accountant and was promoted as its financial controller in December 2002 till now.

Mr. Tong has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Wong Tsz Ho, aged 40, was appointed as an independent non-executive Director on 19 September 2013. Mr. Wong is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Wong has been a partner of a law firm, Christine M. Koo & Ip, Solicitors & Notaries, since February 2006 and remains as so until now.

Mr. Wong obtained a Bachelor's degree of Laws from The University of Hong Kong in November 1996. Afterwards, he obtained the Postgraduate Certificate in Laws also from The University of Hong Kong in June 1997. He was qualified as a solicitor of the High Court of Hong Kong Special Administrative Region in October 1999. Mr. Wong worked as an assistant solicitor of S.H. Leung & Co, Solicitors & Notaries, Christine M. Koo & Ip, Solicitors & Notaries and S.T. Poon & Wong, Solicitors respectively from October 1999 to May 2001, June 2001 to August 2002 and August 2002 to January 2006. Mr. Wong is currently a partner of Christine M. Koo & Ip, Solicitors & Notaries.

Mr. Wong has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

SENIOR MANAGEMENT

Name	Age	Position/Title
Mr. Fong Shek Hung	54	Associate director of KSU*(note)*
Mr. Lau Ping Kwai	62	Associate director of KSU*(note)*
Mr. Yeung Pui Hung	65	Senior property manager of KSU
Mr. So Sui Shan	59	Senior property manager of KSU
Mr. Law Kwok Leung	54	Senior property manager of KSU
Mr. Mo Kin Keung	50	Senior estate manager of KSU
Mr. Cheng Kam Hung	46	Senior administrative and accounting manager of KSU

Mr. Fong Shek Hung, aged 54, is an associate director of KSU*(note)*. He is mainly responsible for supervision of property management, customer relations and administration.

Mr. Fong worked for the Hong Kong Government for the period from 1978 to 2001. He joined the Housing Department in October 1987 as housing assistant and was promoted to the position of housing officer in October 1989. He resigned in August 2001 and served as property manager in Synergis Management Services Limited subsequently. He was the district general manager before he left the company in February 2011 and joined KSU in May 2011 as senior property manager. He was promoted to the position of associate director of KSU*(note)* in February 2012.

Mr. Fong was awarded the Diploma in Housing Management by the School of Professional and Continuing Education of The University of Hong Kong (the "**HKUSPACE**") in September 1997. He was elected a corporate member of the Chartered Institute of Housing in June 1999 and a member of The Hong Kong Institute of Housing in June 2001. In May 2001, he was registered as a Professional Housing Manager at the Housing Managers Registration Board.

Mr. Fong has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Lau Ping Kwai, aged 62, is an associate director of KSU*(note)*. He has been working in KSU for more than fifteen years and was promoted to this position in April 2008. He is responsible for supervising property managers and advising on the improvement of the Group's overall standard. He is also responsible for marketing in the private sector.

Mr. Lau joined Hang Seng Bank Limited as a clerical trainee in October 1973. Mr. Lau held the rank of officer when he resigned in February 1991. He left for Canada in 1991 and worked as a commercial underwriting manager in Success Realty and Insurance Limited from May 1992 to August 1996. He then returned to Hong Kong and joined KSU as a property management officer in September 1996.

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group's administration or overall standard; and (iii) the Group's customer relations.

Mr. Lau obtained the Certificate in Housing Practice at the HKUSPACE in August 2000 and was awarded the Diploma in Housing Management by the same school in September 2002. He was elected a corporate member of the Chartered Institute of Housing in October 2002 and a member of the Hong Kong Institute of Housing in November 2002. In April 2003, he was registered as a Professional Housing Manager at the Housing Managers Registration Board.

Mr. Lau is the spouse of the cousin of Mr. Ho Ying Cheung, the chairman and an executive Director and Mr. Ho Ying Choi, the chief executive officer and an executive Director. Same as disclosed, Mr. Lau is not connected with any other Directors, member of the senior management, Substantial Shareholders or Controlling Shareholders of the Company.

Mr. Lau has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Yeung Pui Hung, aged 65, is a senior property manager of KSU. He has been working in KSU for 15 years and was promoted to this position in April 2003. He is mainly responsible for supervision of property management and customer relations.

Mr. Yeung started his career in Hongkong and Kowloon Wharf and Godown Company Limited as a clerk in May 1968 and was promoted to the post of supervisor from August 1972 to June 1975. For the period from September 1975 to January 1998, he worked in Cathay Pacific Airways Limited serving his last position as senior supply supervisor. In addition to his position in Cathay Pacific Airways Limited during this period, he also acted as an committee advisor of various owners' corporations starting from 1996 to 1999. He joined KSU as administration manager in February 1998.

He was awarded a Diploma in Management Studies jointly by Hong Kong Polytechnic and Hong Kong Management Association in September 1992.

Mr. Yeung has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. So Sui Shan, aged 59, is a senior property manager of KSU. He has been working in KSU for more than five years. He is mainly responsible for supervision of property management and customer relations.

Mr. So had been as a civil servant of the Hong Kong Government since 1973. He was promoted as housing manager of the Housing Authority in January 1996. He served as a senior property estate manager in Urban Property Management Limited from August 2001 until September 2005. He was a senior property manager of Shui On Properties Management Services Limited from October 2005 to December 2007. He then joined KSU as senior property manager in July 2008.

Mr. So obtained the Certificate in Housing Practice at the Department of Extra-Mural Studies of The University of Hong Kong (now known as HKUSPACE) in August 1981. He was awarded a graduate grade of membership of The Institution of Fire Engineers of United Kingdom in March 1986. He then pursued his studies in legal field and obtained a Bachelor's degree of Laws from the University of London as an external student in August 1992. He was registered as a Professional Housing Manager at the Housing Managers Registration Board and was awarded the Certificate in Building Services Engineering by Hong Kong Institute of Vocational Education in March 2001 and July 2001 respectively.

He was elected as a corporate member of the Chartered Institute of Housing and a fellow of the Hong Kong Institute of Housing in 2002 and passed the qualifying examination for estate agents of the Estate Agents Authority in July 2007.

Mr. So has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Law Kwok Leung, aged 54, is a senior property manager of KSU. He joined KSU in January 2011 and is now the leader of a team responsible for daily monitoring of the Group's operation. He is responsible for assisting in administrative decisions, enhancing operation systems and procedures and training new staff.

Mr. Law worked in TaiKoo Shing (Management) Limited from November 1979 to December 1981 and his last position was senior estate assistant. He then served as assistant estate superintendent in The Great Eagle Properties Management Company Limited from 1981 to June 1983. In June 1983, he joined Mass Transit Railway Corporation as an assistant building superintendent. He was titled to estate assistant in January 1986 and was further promoted as assist estate officer in January 1987. He left in October 1989 and worked as assistant general manager in Main Shine Development Limited subsequently. He was promoted as assistant estate manager before he left in January 2006. He then served as assistant general manager in Citybase Property Management Limited for the period from August 2006 to August 2007. Mr. Law worked in Synergis Management Services Limited in 2008 and his last position was area manager. During the period from May 2009 to 2010, he worked as a senior property manager in Well Born Real Estate Management Limited and joined KSU as senior property manager in early 2011.

In 1994, Mr. Law was awarded the Higher Certificate in Valuation and Property Management by the Hong Kong Polytechnic University. He was awarded the Diploma in Housing Management by the HKUSPACE in August 1998. He was elected a corporate member of the Chartered Institute of Housing and obtained a Bachelor's degree of Housing Management from The University of Hong Kong in 2000. In January 2001, he was registered as a Professional Housing Manager at the Housing Managers Registration Board.

Mr. Law has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Mo Kin Keung, aged 50, is a senior estate manager of KSU. He is mainly responsible for daily operation and management of major customers.

Mr. Mo was employed by the PCCW Group from December 1986 to August 2004. He was an assistant facilities manager of Pacific Century Premium Developments Limited, the infrastructure division spun off in May 2004 before his departure. He then served as a property manager in Vigers Property Management Service (Hong Kong) Limited from October 2004 to July 2008 and afterwards worked as an assistant property manager in ISS Facility Services Limited from October 2008 to June 2009. He joined KSU as a property manager in April 2010.

Mr. Mo was awarded the Continuing Education Diploma in Property Management by City University of Hong Kong in November 2002 and was elected as a corporate member of the Chartered Institute of Housing in September 2006. In November 2006, he was registered as Professional Housing

Manager at the Housing Managers Registration Board and obtained a Bachelor's degree of Art (Honours) in Housing Studies in November 2006. In November 2011, he was elected as a professional member of The Royal Institution of Chartered Surveyors. He was awarded the designation of the member of International Professional Security Association in June 2010. After one year, he obtained a degree of Master of Science in Facilities Management by University of Greenwich, United Kingdom through a long distance learning course in June 2011.

Mr. Mo has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

Mr. Cheng Kam Hung, aged 46, is a senior administration and accounting manager of KSU. He has been working in KSU for about 12 years. He is responsible for accounting and financial management of the Group's operation.

Mr. Cheng started working in Li, Tang, Chen & Company in the auditing field in February 1989, and promoted to the post of audit group leader in April 1992. In April 1993, he was further promoted to the post of audit supervisor. He left Li, Tang, Chen & Company and joined Guangnan (KK) Supermarket Limited as accounting manager in January 1995. He was later promoted to be assistant financial controller in August 2000 as his last position before he resigned in June 2001. He joined KSU as an assistant accounting manager in October 2001.

Mr. Cheng obtained the Master of Business Administration (distance learning) in December 2012 from University of South Australia, Adelaide, South Australia.

Mr. Cheng has not held any directorship in any other public companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the past three years.

COMPANY SECRETARY

Mr. Tsui Siu Hung, Raymond, aged 37, is the company secretary of the Company. Mr. Tsui obtained a Bachelor degree of Business Administration from The Chinese University of Hong Kong in 1999. His major subject was professional accountancy. He was admitted as a fellow member of the Association of the Chartered Certified Accountants in 2008 and a fellow member of the Hong Kong Institute of Certified Public Accountants in 2010. Mr. Tsui had been an independent non-executive director of Seamless Green China (Holdings) Limited (Stock code: 8150) between December 2008 and February 2012. Mr. Tsui is currently a partner of S. H. Tsui & Co., a registered firm of certified public accountants (practising) in Hong Kong, and a company secretary of Vitop Bioenergy Holdings Limited (stock code: 1178) , China Healthcare Holdings Limited (stock code: 673) and Vongroup Limited (stock code: 318) respectively.

COMPLIANCE OFFICER

Mr. Ho Ying Choi is the compliance officer of the Company. For details of his biography, please refer to the paragraph headed "Executive Directors" of this section.

COMPLIANCE ADVISER

The Company has appointed Ample Capital as its compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules and Ample Capital assumes responsibility for acting as the Group's compliance adviser, including advising the Board on compliance with the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise the Company in the following circumstances:

(1) before the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might be a notifiable or connected transaction under the GEM Listing Rules is contemplated including share issues and share repurchases;

(3) where the Company proposes to use the proceeds of the Placing in a manner different from that detailed in this prospectus or where the business activities, developments or results of the Company deviate from any forecast, estimate, or other information in this prospectus; and

(4) where the Stock Exchange makes an inquiry of the Company under Rule 17.11 of the GEM Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date.

Except for (i) Ample Capital's role as the sponsor in relation to the Listing; and (ii) its role as the compliance advice pursuant to the compliance adviser agreement entered into between the Company and Ample Capital dated 27 September 2013, Ample Capital does not have any other contractual arrangement with the Group.

AUDIT COMMITTEE

The Company established the Audit Committee on 19 September 2013 with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules. The primary duties of the Audit Committee are, among other things, to review and supervise the financial reporting process and internal control system of the Group. The Audit Committee has three members comprising Mr. Tong Sze Chung, Mr. Cheung Kwong Wai and Mr. Wong Tsz Ho, of whom Mr. Tong Sze Chung, who has the appropriate professional qualification, has been appointed as the chairman of the Audit Committee.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 19 September 2013 with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and paragraph B.1.2 of the Code on Corporate Governance Practices as set out in appendix 15 to the GEM Listing Rules. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Tong Sze Chung, Mr. Wong Tsz Ho and Mr. Ho Ying Choi. Mr. Tong Sze Chung is the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are, amongst other things, to review and determine the terms of remuneration packages, bonuses and other compensation payable to the Directors and senior management and to make recommendation to the Board on the Group's policy and structure for all remuneration of the Directors and senior management.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 19 September 2013 with written terms of reference in compliance with paragraph A5.2 of the Code on Corporate Governance Practices as set out in appendix 15 to the GEM Listing Rules. The Nomination Committee comprises five independent non-executive Directors, namely Mr. Ho Ying Cheung, Mr. Ho Ying Choi, Mr. Tong Sze Chung, Mr. Wong Tsz Ho and Mr. Cheung Kwong Wai. Mr. Ho Ying Cheung has been appointed as the chairman of the Nomination Committee. The Nomination Committee is mainly responsible for making recommendations to the Board on appointment of Directors and succession planning for the Directors.

EMPLOYEES

In March 2013, the Group employed about 2,076 full-time employees. The following table sets forth the total number of employees by function in March 2013:

	In March 2013
Job function	
Management	23
Property management	144
Accounting and administration	100
Security	1,755
Repair and maintenance, landscape management, lifeguarding and cleaning	54
	2,076

THE GROUP'S RELATIONSHIP WITH EMPLOYEES

The Group recognises the importance of having a good relationship with its employees. The Group offers its employees competitive compensation packages, which are intended to attract and retain qualified personnel.

The Group believes that it maintains a good working relationship with its employees and it has not experienced any difficulty in recruiting staff for the Group's operations. Its employees are not represented by any collective bargaining agreements or labor unions.

REMUNERATION OF DIRECTORS AND STAFF

Each of the executive Directors has respectively entered into a service contract with the Company for an initial fixed term of three year from 1 September 2013, which will continue thereafter until terminated by not less than three months' written notice or payment in lieu to the other party.

Each of the executive Directors will receive a fee which is subject to an annual adjustment at a rate to be determined at the discretion of the Board. The aggregate amount of fees, salaries, housing allowances, other allowances and benefits in kind paid by the Group to the Directors for each of the two financial years ended 31 March 2012 and 2013 was HK$1.2 million and HK$1.3 million respectively.

The aggregate amount of contributions to retirement benefits scheme paid by the Group to the Directors for each of the two financial years ended 31 March 2012 and 2013 was nil and approximately HK$0.1 million respectively.

Save as disclosed above, no other payments have been made or are payable by the Company to the Directors in respect of the Track Record Period. The Directors estimate that under the current proposed arrangement, the aggregate basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus or other fringe benefits or any Company's contribution to MPF Scheme) payable by the Group to the Directors will be approximately HK$3.0 million for the year ending 31 March 2014.

The Company's policy concerning the remuneration of the Directors is that the amount of remuneration should be determined by reference to the relevant Director's experience, responsibilities, workload and the time devoted to the Group. Details of the terms of the services contracts are set out in the section headed "Disclosure of interests" in Appendix IV to this prospectus.

The Group has adopted the Share Option Scheme to align the financial well-being of the Group with that of the employees, and to retain the Directors and staff of high calibre. Staff are offered basic salaries commensurate with market levels.

The five highest paid individuals of the Group during the Track Record Periods include two Directors. Details of remuneration paid to the remaining three highest paid individuals of the Group, which are individually below HK$1,000,000, are disclosed in the note 15(b) to the Accountants' Report in Appendix I to this prospectus.

RETIREMENT BENEFIT SCHEME

In Hong Kong, the Group participates in the mandatory provident fund prescribed by the Mandatory Provident Fund Schemes Ordinance and has made the relevant contributions as regulated. Save as the aforesaid, the Group has not participated in any other pension schemes.

CONTROLLING SHAREHOLDERS

The Directors confirm that, immediately following the completion of the Placing and the Capitalisation Issue (but without taking into account of any Shares which may be issued pursuant to the exercise of share options which may be granted under the Share Option Scheme), the following persons/entities will be the Controlling Shareholders:

Name	Capacity and nature of interest	Number of Shares held	Percentage of shareholding
Topgrow *(Note 1)*	Beneficial owner	300,000,000	75%
Mr. Ho Ying Choi *(Note 2)*	Interest in controlled corporation	300,000,000	75%
Mr. Ho Ying Cheung *(Note 2)*	Interest in controlled corporation	300,000,000	75%

Notes:

1. Topgrow is owned as to 60% by Mr. Ho Ying Choi and 40% by Mr. Ho Ying Cheung.

2. 300,000,000 Shares are held by Topgrow. Topgrow is owned as to 60% by Mr. Ho Ying Choi and 40% by Mr. Ho Ying Cheung.

SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, save for the persons/entities disclosed under the paragraph headed "Controlling Shareholders" in this section above, there are no other persons/entities who will immediately following completion of the Placing and the Capitalisation Issue (but without taking into account of any Shares which may be issued pursuant to the exercise of share options which may be granted under the Share Option Scheme) be directly or indirectly entitled to exercise, or control the exercise of 10%, or more of the voting power at any general meeting of the Company.

SIGNIFICANT SHAREHOLDERS

So far as the Directors are aware, save for the persons/entities disclosed under the paragraph headed "Controlling Shareholders" in this section above, there are no other persons/entities who will immediately following completion of the Placing and the Capitalisation Issue (but without taking into account of any Shares which may be issued pursuant to the exercise of any share options which may be granted under the Share Option Scheme) be directly or indirectly interested in 5% or more of the voting power at the general meetings of the Company and are therefore regarded as significant shareholders of the Company under the GEM Listing Rules.

SHAREHOLDING STRUCTURE

Set out below are the respective shareholding structure of the Company immediately before and after completion of the Placing and the Capitalisation Issue (but without taking into account of any shares which may be issued pursuant to the exercise of any share options which may be granted under the Share Option Scheme):

Name of Shareholder	Number of Shares or attributable number of Shares held immediately before the Placing and the Capitalisation Issue	Percentage or attributable percentage of shareholding before the Placing and the Capitalisation Issue %	Number of Shares or attributable number of Shares held immediately after the Placing and the Capitalisation Issue	Percentage or attributable percentage of shareholding after the Placing and the Capitalisation Issue %
Topgrow *(Note)*	20	100	300,000,000	75
The Public	—	—	100,000,000	25
Total	20	100	400,000,000	100

Note: Topgrow is owned as to 60% by Mr. Ho Ying Choi and 40% by Mr. Ho Ying Cheung.

NON-DISPOSAL UNDERTAKINGS

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange that they shall not and shall procure that the relevant registered holder(s) shall not:

(a) in the period commencing from the date of this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing from the date on which the period referred to in (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances it would cease to be a Controlling Shareholder.

The Controlling Shareholders have also undertaken to the Stock Exchange and the Company to comply with the following requirements:

(i) in the event that the it pledges or charges any direct or indirect interest in relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, it must inform the Company immediately thereafter, disclosing the details pursuant to Rules 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any interest in Shares under (i) above, it must inform the Company immediately in the event that it becomes aware that the pledge or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

The Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

DEED OF NON-COMPETITION

Subject to the terms therein, Mr. Ho Ying Choi, Mr. Ho Ying Cheung and Topgrow as covenantors (the "**Covenantors**") entered into a deed of non-competition in favour of the Company dated 19 September 2013 (the "**Deed of Non-competition**"), pursuant to which each of the Covenantors has undertaken to the Company (for itself and for the benefit of the members of the Group) that during the continuation of the Deed of Non-competition, each of the Covenantors shall not, and shall procure each of his/its associates and/or companies controlled by him/it, whether on his/its own account or in conjunction with or on behalf of any person, firm or company and whether directly or indirectly and whether for profit or otherwise, which carries on a business which is, or be interested or involved or engaged in or acquire or hold any rights or interest or otherwise involved in (in each case whether as a shareholder, partner, principal, agent or otherwise and whether for profit, reward or otherwise) any business which competes or is likely to compete directly or indirectly with the business currently and from time to time engaged by the Group in Hong Kong and any other country or jurisdiction to which the Group provides such services and/or in which any member of the Group carries on business mentioned above from time to time (the "**Restricted Business**"). Each of the Covenantors has represented and warranted to the Company that neither he/it nor any of his/its associates is currently interested, involved or engaging, directly or indirectly (whether as a shareholder, partner, principal, agent or otherwise and whether for profit, reward or otherwise) in the Restricted Business otherwise than through the Group.

Pursuant to the Deed of Non-competition, each of the Covenantors has also undertaken that if each of the Covenantors and/or any of his/its associates is offered or becomes aware of any project or new business opportunity (**"New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/it shall (i) promptly within seven Business Days notify the Group in writing of such opportunity and provide such information as is reasonably required by the Group in order to enable the Group to come to an informed assessment of such opportunity; and (ii) use his/its best endeavours to procure that such opportunity is offered to the Group on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its associates.

The Directors (including the independent non-executive Directors) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If the Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within thirty (30) business days (the "**30-day Offering Period**") of receipt of notice from the Covenantors, the Covenantors and/or his/its associates shall be permitted to invest in or participate in the New Business Opportunity on his/its own accord. With respect to the 30-day Offering Period, the Directors consider that such period is adequate for the Company to assess any New Business Opportunity. In order to ensure that the Company has adequate time to assess some complicated business opportunities, the Covenantors agree to extend the 30 Business Days to a maximum of 60 Business Days if the Group requires so by giving a written notice to the Covenantors within the 30-day Offering Period.

In addition, upon Listing, each of the Covenantors has also undertaken:

(i) in favour of the Group to provide the Group and the Directors from time to time (including the independent non-executive Directors) with all information necessary for the annual review by the independent non-executive Directors with regard to compliance of the terms of the Deed of Non-competition and the enforcement of the non-competition undertakings in the Deed of Non-competition;

(ii) to provide to the Group, (if necessary) after the end of each financial year of the Group, a declaration made by each of the Covenantors which shall state whether or not the Covenantors have during that financial year complied with the terms of the Deed of Non-competition, and if not, particulars of any non-compliance, which declaration (or any part thereof) may be reproduced, incorporated, extracted and/or referred to in the annual report of the Group for the relevant financial year, such annual declaration shall be consistent with the principles of making voluntary disclosures in the corporate governance report; and

(iii) to the Group to allow the Directors, their respective representatives and the auditors to have sufficient access to the records of the Covenantor and his/its associates to ensure their compliance with the terms and conditions under the Deed of Non-competition.

Further, each of the Covenantors has undertaken to the Group that during the period in which he/it and his/its associates, individually or taken as a whole, remains as a Controlling Shareholder:

(i) he/it will not invest or participate in any project or business opportunity that competes or may compete, directly or indirectly, with the business activities engaged by the Group from time to time;

(ii) he/it will not solicit any existing or then existing employee of the Group for employment by him/it or his/its associates (excluding the Group);

(iii) he/it will not without the consent from the Group, make use of any information pertaining to the business of the Group which may have come to his/its knowledge in his/its capacity as the Controlling Shareholder for any purposes; and

(iv) he/it will procure his/its associates (excluding the Group) not to invest or participate in any project or business opportunity mentioned above, unless pursuant to the provisions stipulated in the Deed of Non-competition.

The Deed of Non-competition will take effect upon Listing and shall expire on the earlier of:

(i) the day on which the Shares cease to be listed on GEM or other recognised stock exchange; or

(ii) the day on which the Covenantors and his/its associates, individually or taken as a whole, cease to own, in aggregate, 30% or more of the then issued share capital of the Group directly or indirectly or cease to be deemed as Controlling Shareholder and do not have power to control the Board or there is at least one other independent Shareholder other than the Covenantors and his/its respective associates holding more Shares than the Covenantors and his/its respective associates taken together.

In order to strengthen the corporate governance in respect of the existing and potential conflict of interests between the Group and the Covenantors, upon Listing:

(i) the Company shall disclose in the annual reports the compliance and enforcement of the undertakings by the Covenantors in respect of the Deed of Non-competition and the appropriate action to be taken by the Company;

(ii) the Company shall disclose decision on matters reviewed by the independent non-executive Directors in relation to the compliance and enforcement of the arrangement of the New Business Opportunity in the annual reports;

(iii) the Board will ensure reporting any event relating to potential conflict of interests to the independent non-executive Directors as soon as practicably when it realises or suspects any event relating to potential conflict of interests may occur during the daily operations;

(iv) following the reporting of any event relating to potential conflict of interests, the Board will hold a management meeting to review and evaluate the implications and risk exposures of such event and the compliance of the GEM Listing Rules in order to monitor any irregular business activities and alert the Board, including the independent non-executive Directors, to take any precautious actions; and

(v) in the event that there is any potential conflict of interests relating to the business of the Group between the Group and the Controlling Shareholders, the interested Directors, or as the case may be, the Controlling Shareholders would, according to the Articles or the GEM Listing Rules, be required to declare his interests and, where required, abstain from participating in the relevant board meeting or general meeting and voting on the transaction and not count as quorum where required.

SHARE CAPITAL

The following is a description of the share capital of the Company in issue and to be issued as fully paid or credited as fully paid immediately following the Placing and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of any options that may be granted under the Share Option Scheme):

Authorised share capital		*HK$*
5,000,000,000	Shares	50,000,000
Issued and to be issued, fully paid or credited as fully paid		
20	Shares in issue as at the date of this prospectus	0.2
299,999,980	Shares to be issued pursuant to the Capitalisation Issue	2,999,999.8
100,000,000	Shares to be issued pursuant to the Placing	1,000,000
400,000,000	Shares	4,000,000

Assumptions

The above table assumes that the Placing becomes unconditional and is completed in accordance with the relevant terms and conditions. It takes no account of any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates granted to the Directors for the allotment and issue of Shares and the repurchase of Shares as referred to below.

Ranking

The Placing Shares are ordinary shares in the share capital of the Company and will rank equally in all respects with all the Shares in issue or to be issued as set out in the above table, and will qualify for all dividends or other distributions declared, made or paid on, or any other rights and benefits attaching to or accruing from, the Shares after the date of this prospectus.

General mandate to issue Shares

The Directors have been granted a general unconditional mandate to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or other similar arrangements in accordance with the Articles, or pursuant to the exercise of options granted or which may be granted under the Share Option Scheme or under the Placing or the Capitalisation Issue, Shares with an aggregate nominal value not exceeding the sum of (i) 20% of the aggregate nominal value of the share capital of the Company in issue and to be issued immediately following the Placing and the Capitalisation Issue; and (ii) if the general mandate to repurchase Shares referred to below is granted, the nominal value of the share capital of the Company which may be repurchased by the Company.

The general mandate will remain in effect until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any other applicable laws of Hong Kong to be held; or

(c) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing such mandate.

For further details of this general mandate, please refer to the paragraph headed "Written resolutions of the sole Shareholder" in the section headed "Further information about the Company" in Appendix IV to this prospectus.

General mandate to repurchase Shares

The Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total nominal value of not more than 10% of the aggregate nominal value of the share capital of the Company in issue following completion of the Placing and the Capitalisation Issue.

This general mandate only relates to repurchase made on the Stock Exchange, or any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and/or requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed "Repurchase by the Company of its own securities" in the section headed "Further information about the Company" in Appendix IV to this prospectus.

The general mandate will remain in effect until whichever is the earliest of:

(a) the conclusion of the next annual general meeting of the Company;

(b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any other applicable laws of Hong Kong to be held; or

(c) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking, varying or renewing such mandate.

Share Option Scheme

The Group has conditionally adopted the Share Option Scheme. Details of the principal terms of the Share Option Scheme are summarised in the section headed "Share Option Scheme" as set out in Appendix IV to this prospectus.

The Group does not have any outstanding share options, warrants, convertible instruments, pre-listing share options or similar rights convertible into the Shares as at the Latest Practicable Date.

You should read this section in conjunction with the Group's audited combined financial statements, including the notes thereto (the "Financial Information"), as set out in the Accountants' Report set out in Appendix I to this prospectus. The Group's financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. You should read the entire Accountants' Report and not merely rely on the information contained in this section.

Some unaudited financial information of the Group, including the Group's revenue for the four months ended 31 July 2013, information of the Group's net current assets and indebtedness as at 31 July 2013, is extracted from the unaudited combined financial statements for the four months ended 31 July 2013 prepared by the Directors in accordance with the Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the HKICPA, which were reviewed by the Reporting Accountants in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

The following discussion and analysis contains certain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analyses made by the Group in light of the Group's experience and perception of historical trends, current conditions and expected future developments, as well as other factors the Group believes are appropriate under the circumstances. However, whether actual outcomes and developments will meet the Group's expectations and projections depend on a number of risks and uncertainties over which the Group does not have control. For further information, see the section headed "Risk factors" in this prospectus.

OVERVIEW

The Group is a property management services group principally engaged in the provision of property management services in Hong Kong. The Group provides a range of management services including security, repair and maintenance, cleaning, finance management and other management services. Besides, the Group provides security services to customers under separate security services contracts mostly through Q&V. For the year ended 31 March 2012 and 2013, the Group derived revenue of approximately HK$276.7 million and HK$284.1 million respectively from the provision of property management and security services. Revenue mainly represents the total contractual service fee income received from the Group's customers for property management services contracts. As the Group provides stand-alone security services to customers, the Group's revenue also includes service fee income from security services contracts. The following table sets out the Group's revenue by contract type during the Track Record Period:

	Year ended 31 March			
	2012		**2013**	
	HK$	*as a percentage*	*HK$*	*as a percentage*
Property management services contracts	260,678,340	94.2%	266,676,624	93.9%
Security services contracts	15,976,466	5.8%	17,385,900	6.1%
	276,654,806	100.0%	284,062,524	100.0%

SUMMARY OF HISTORICAL COMBINED FINANCIAL INFORMATION

The selected financial information from the Group's combined statements of financial position as of 31 March 2012 and 2013 and its combined statements of comprehensive income and combined statements of cash flows for the years ended 31 March 2012 and 2013 set forth below are extracted from the Accountants' Report included in Appendix I to this prospectus, and should be read in conjunction with the Accountants' Report set forth in Appendix I to this prospectus.

Summary of combined statements of comprehensive income

	For the year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Revenue	276,654,806	284,062,524
Cost of services	(230,199,393)	(231,763,752)
Gross profit	46,455,413	52,298,772
Profit before taxation	15,735,275	7,233,166
Profit for the year	13,941,024	5,569,448

Summary of combined statements of financial position

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Non-current assets	3,937,266	8,880,952
Current assets	88,545,748	96,142,417
Current liabilities	73,943,134	84,016,238
Net current assets	14,602,614	12,126,179
Total assets less current liabilities	18,539,880	21,007,131
Non-current liabilities	88,545	556,340
Net assets	18,451,335	20,450,791
Total equity	18,451,335	20,450,791

Summary of combined cash flows statements

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Net cash generated from operating activities	7,557,537	2,348,888
Net cash generated from/(used in) investing activities	6,863,088	(15,097,618)
Net cash (used in)/generated from financing activities	(4,925,456)	6,225,713
Net increase/(decrease) in cash and cash equivalents	9,495,169	(6,523,017)
Cash and cash equivalents at beginning of the year	(5,567,682)	3,887,655
Effect of foreign exchange rate changes	(39,832)	—
Cash and cash equivalents at end of the year	3,887,655	(2,635,362)

To illustrate the profitability of the Group's operation, certain non-recurring gain and expense items were excluded to arrive at the adjusted profit for the year as set out below.

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Profit for the year	13,941,024	5,569,448
Add:		
Loss on disposal of financial assets	—	123,653
Listing expense	—	4,321,350
Fair value loss on investment in trust funds	1,335,013	—
Less:		
Gain on disposal of property, plant and equipment	(2,526,254)	—
Gain on disposal of a subsidiary	(4,631,303)	—
Gain from foreign exchange contract transactions	(120,697)	(7,750)
Adjusted profit for the year	7,997,783	10,006,701

Staff cost and statutory minimum wage

Below table sets out the breakdown of the Group's staff cost by major functions:

Job function	**Year Ended 31 March 2013** *HK$*
Management	9,593,952
Property management	20,603,537
Accounting and administration	13,759,742
Security	177,660,734
Repair and maintenance, landscape management lifeguarding and cleaning	6,563,138
Other staff cost for provision for long service payment, contribution to retirement benefit scheme and miscellaneous	12,344,237
	240,525,340

During the Track Record Period, the majority of the Group's customers adopted fixed sum contracts. Under a fixed sum contract, all direct staff costs involved in the management of a property are borne by the property management company and the property management company is paid a fixed fee which covers the relevant costs and the manager's remuneration. In some property management contracts and security services contracts, there are provisions specifying that the Group as a property management company should be paid for its additional staff cost incurred as a result of implementation of any laws on minimum wage. Most of the Group's contracts with customers can be terminated by either party giving one to three months' notice (six months written notice is required in a few services contracts). If the statutory minimum wage or the market wage increases, the Group may terminate the existing contract and renegotiate with the relevant customer a new contract for higher service fee in the absence of an adjustment of staff wage clause in the service contract.

On 1 May 2011, the statutory minimum wage was implemented for the first time and was dictated at HK$28.00 per hour. The implementation of statutory minimum wage affected both the staff cost and revenue of the Group for the year ended 31 March 2012. The salary payment for the Group's security staff and technicians has increased by approximately 32.1% between April 2011 and May 2011. The Group's total staff costs (excluding directors' remuneration) have increased from approximately HK$178.2 million for the year ended 31 March 2011 to approximately HK$234.7 million for the year ended 31 March 2012. Meanwhile, the Group's revenue also experienced a considerable increment, from approximately HK$19.3 million in April 2011 by approximately 19.3% to HK$23.1 million in May 2011, mainly due to the upward adjustment of contractual service fee after renegotiation with customers. The Group's revenue also grew by approximately HK$57.6 million from approximately HK$219.1 million for the year ended 31 March 2011 to approximately HK$276.7 million for the year ended 31 March 2012.

On 1 May 2013, the minimum wage was revised to HK$30.00 per hour. The average remuneration of the Group's security staff and technicians has increased from approximately HK$28.4 per hour in April 2013 to approximately HK$30.2 per hour in May 2013, with approximately 6.7% increment. The salary payment for the Group's security staff and technicians has increased by approximately 9.0% between April 2013 and May 2013. In the meantime, the Group's revenue has also increased by approximately 11.0% for the four months ended 31 July 2013 as compared with the four months ended 31 July 2012. Therefore the Directors consider that the Group was able to pass on the increase in staff cost when the Minimum Wage Ordinance became effective in 2011 and expect that the Group could similarly pass on substantial portion of the increase when the minimum wage further increase in future. It is also anticipated that the Group's staff cost will increase for the year ending 31 March 2014.

RECENT DEVELOPMENTS SUBSEQUENT TO THE TRACK RECORD PERIOD

After the Track Record Period, the statutory minimum wage was revised from HK$28.00 per hour to HK$30.00 per hour effective on 1 May 2013. The salary payment for the Group's security staff and technicians has increased by approximately 9.0% between April 2013 and May 2013. The average hourly remuneration of the Group's security staff and technicians has increased by approximately 6.7% between April 2013 and May 2013. Meanwhile, the Group's revenue has also grown by approximately 11.0% for the four months ended 31 July 2013 as compared with the four months ended 31 July 2012. Apart from the revision of minimum wage, the Directors are not aware of any other issues that materially affected the recent development of the property management industry.

Assuming that a Placing Price of HK$0.4 per Placing Shares (being the mid-point of the proposed price range), it is expected that the total listing expenses will be approximately HK$15.6 million, of which (i) approximately HK$5.1 million for the issue of new Shares is expected to be accounted for as a deduction from equity; and (ii) approximately HK$10.5 million has been/will be charged to the Group's profit and loss account prior to or upon completion of the Listing, out of which approximately HK$4.3 million has been incurred by the Group as listing expense in the Track Record Period and a further HK$0.6 million has been incurred up to 31 July 2013. Such cost is a current estimate for reference only, and the final amount to be recognised to the statement of comprehensive income of the Group or to be capitalised is subject to adjustment based on audit and the then changes in variables and assumptions.

BASIS OF PREPARATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law on 15 August 2012. Through a corporate reorganisation as more fully explained in the subsection headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in this prospectus, the Company became the holding company of the companies now comprising the Group on 8 August 2013. The combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for the Track Record Period which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the Track Record Period, or since their respective dates of incorporation/establishment where it is a shorter period. The combined financial statements, which are presented in Hong Kong Dollars, have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of the GEM Listing Rules. HKFRSs include Hong Kong Accounting Standards and interpretations.

The Financial Information has been prepared by the Directors based on the combined financial statements or, where appropriate, unaudited management accounts of the companies now comprising the Group.

FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Directors consider the factors set forth below may have affected the Group's business and historical financial results and may also affect its future financial results.

Staff cost and statutory minimum wage

The Group relies on human resources for the provision of its services, and therefore a substantial proportion of the Group's cost of sales and administrative expenses are labour costs. On 1 May 2011, Hong Kong introduced the minimum wage legislation under the Minimum Wage Ordinance which dictated a minimum wage of HK$28.00 per hour. On 1 May 2013, the minimum wage was revised to HK$30.00 per hour. The Directors confirmed that since the introduction of the Minimum Wage Ordinance to the Latest Practicable Date, the Group has complied with the provisions of the Minimum Wage Ordinance. Pursuant to the Minimum Wage Ordinance, the Minimum Wage Commission must report on the recommended changes in statutory minimum wage at least once in every 2 years, and the statutory minimum wage may be adjusted having regard to the recommended changes in statutory minimum wage. It is thus likely that the statutory minimum wage will be adjusted every 2 years. If the statutory minimum wage or the market wage increases, the staff cost to be incurred by the Group will also increase.

During the Track Record Period, the majority of the Group's customers adopted fixed sum contracts. Under a fixed sum contract, all direct staff costs involved in the management of a property are borne by the property management company and the property management company is paid a fixed fee which covers the relevant costs and the manager's remuneration. In some property management contracts and security services contracts, there are provisions specifying that the Group as a property management company should be paid for its additional staff cost incurred as a result of the implementation of any laws on minimum wage. Most of the Group's contracts with customer can be terminated by either party giving one to three months' notice (six months written notice is required in a few services contracts). If the statutory minimum wage or the market wage increases, the Group may terminate the existing contract and renegotiate with the relevant customer a new contract for higher service fee in the absence of an adjustment of staff wage clause in the services contracts. Failure to do so or failure to enter into revised contracts with existing customers may adversely affect the Group's revenue, operating profits and financial performance. On the other hand, if the Group is able to renegotiate for terms that are favourable to the Group, the Group's revenue, operating profits and financial performance may improve.

Competition

The property management industry in Hong Kong is fragmented and is characterised by a large number of operators. The entry barriers and set up costs are considered relatively low. According to the "Key Statistics on Business Performance and Operating Characteristics of the Building Construction and Real Estate Sectors in 2011" published by the Census and Statistics Department of Hong Kong, in 2011 there were 561 establishments in the real estate maintenance management Industry. The Group faces competition from large property management companies in securing property management contracts for private housing estates. On the other hand, the Group also faces competition from smaller sized property management companies in securing contracts from smaller property complexes or stand-alone buildings, as they may offer more competitive fees. The property management companies compete in various aspects including price and service quality. The Group's business and results of operation will be affected by the price, service quality and reputation of the Group's competitors.

Ability to raise or generate sufficient working capital

The Group is principally engaged in the provision of property management services in Hong Kong. The Group's revenue is the contractual service fees paid by the Group's customers. No credit term is generally provided in the service agreements. The Group usually issues monthly invoices in arrears. The Group needs to generate sufficient working capital in time to pay off various cost and expenses such as staff remuneration, subcontracting charges and administrative expenses. The Group's liquidity, results of operations and its ability to expand business are thus affected by the Group's ability to generate internal resources and raise external debt or capital to finance the Group's working capital and operation.

CRITICAL ACCOUNTING POLICIES

The Group has identified certain accounting policies that are significant to the preparation of the combined financial statements in accordance with HKFRSs. These significant accounting policies are important for an understanding of the financial condition and results of operation of the Group and are set forth in the Accountants' Report in Appendix I to this prospectus. Some of the accounting policies involve subjective assumptions and estimates, as well as complex judgment related to accounting items such as assets, liabilities, income and expenses. The Group bases its estimates on historical experience and other assumptions which the Group's management believes to be reasonable under the circumstances. Results may differ under different assumptions and conditions. The Group's management has identified the following accounting policies that are most critical to the preparation of the Group's combined financial statements.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits will flow to the Group and the revenue and the costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Property management services income

Revenue from property management services are recognised when services are rendered in accordance with the terms of the agreements. Revenue from the provision of other supporting services for the management of the properties is recognised when the services are rendered.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the term of the relevant lease.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

The expected bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Defined contribution retirement benefit scheme

The Group operates a defined contribution retirement benefit scheme ("**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salary.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Financial instruments

Financial assets and financial liabilities are recognised in the combined statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are loans and receivables and financial assets at fair value through profit or loss ("**FVTPL**").

Effective interest method

The effective interest method is a method of calculating the amortised cost of financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposit placed for a life insurance policy, amount due from ultimate holding company, amounts due from related parties, amounts due from directors, pledged bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

— it has been acquired principally for the purpose of selling in the near future; or

— on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

— it is derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

— such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

— the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping provided internally on that basis; or

— it forms part a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected. Objective evidence of impairment could include:

— significant financial difficulty of the issuer or counterparty; or

— breach of contract, such as default or delinquency in interest and principal payments; or

— it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or

— the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an amount of the impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amount due to a director, amount due to a related party, loans from directors, obligations under finance leases and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

— the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

— the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

Derecognition

The Group derecognised a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the assets to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

Revenue represents the total contractual service fee income received from the Group's customers for property management services. As the Group also performs stand-alone security services to customers, the Group's revenue also includes service fee income for its security services. Revenue from services is recognised when services have been performed. The following table sets out the Group's revenue by contract type during the Track Record Period:

	Year ended 31 March			
	2012		**2013**	
	HK$	*as a percentage*	*HK$*	*as a percentage*
Property management services contracts	260,678,340	94.2%	266,676,624	93.9%
Property security services contracts	15,976,466	5.8%	17,385,900	6.1%
	276,654,806	100.0%	284,062,524	100.0%

Below table sets out the number of units under the Group's management.

Number of units in respective categories under the Group's management

	As at 31 March	
	2012	**2013**
Residential building	33,600	35,400
Non-residential developments	3,200	3,000
Dual residential/commercial developments	31,600	33,600
Total number of units *(note)*	68,400	72,000

Note: The number of units of school, car park and other miscellaneous type is not presented in the above table. Discrepancies in the above table between totals and sums of the number listed are due to rounding.

The Group is a property management service company and the majority of the Group's revenue is derived from its property management services contracts.

During the Track Record Period, the Group's revenue had no geographical distribution as approximately 100% and 100% of the Group's revenue was derived from its operation in Hong Kong for the years ended 31 March 2012 and 2013 respectively.

Cost of services

Cost of services during the Track Record Period comprised: (i) wages and staff cost; (ii) subcontracting charges; and (iii) other direct costs. Wages and staff costs were incurred for the Group's front-line property management and security staff, including wages, bonus and other staff benefits. Subcontracting charges represented cost of cleaning services paid to third-party cleaning service companies. Other direct costs included sponsorship fees and performance bond expense. Sponsorship fees was incurred as marketing expenses when the Group sponsored the customers' social or recreational activities such as annual dinner. Some of the customers deposited certain amount with the Group for payment of their operating expenses, and these customers may request the Group to present performance bonds issued by a bank in favour of such customers. The performance bond expense was the fixed commission charged by the banks for the issuance of performance bonds.

The following table sets out the summary of the Group's cost of services by nature during the Track Record Period:

	Year ended 31 March			
	2012		**2013**	
	HK$	*as a percentage*	*HK$*	*as a percentage*
Wages and staff cost	210,462,739	91.4%	212,986,339	91.9%
Subcontracting charges	18,403,643	8.0%	17,618,308	7.6%
Other direct costs	1,333,011	0.6%	1,159,105	0.5%
	230,199,393	100.0%	231,763,752	100.0%

The following table sets out the Group's cost of services by contract type during the Track Record Period:

	Year ended 31 March			
	2012		**2013**	
	HK$	*as a percentage*	*HK$*	*as a percentage*
Property management services contracts	216,241,944	93.9%	217,069,080	93.7%
Property security services contracts	13,957,449	6.1%	14,694,672	6.3%
	230,199,393	100.0%	231,763,752	100.0%

Other income/(expenses)

Other income/(expenses) comprised (i) bank interest income; (ii) interest income from deposit placed for a life insurance policy; (iii) sundry income; (iv) rental income; (v) fair value loss on financial assets at FVTPL; and (vi) gain on foreign exchange contract transactions. The fair value loss on financial assets at FVTPL represented the changes in the fair value of the Group's investment in unlisted trust funds. The Group did not dispose of any trust funds during the year ended 31 March 2012 and the amount represented unrealised loss on the investment. The Group disposed of the trust funds in March 2013, resulting in a loss on disposal of financial assets. The gain on foreign exchange contract transactions was attributed to the foreign currency derivative arrangement entered into between the Group and a bank in the year ended 31 March 2011. The value of the foreign currency derivative arrangement depends on the relative strength of US dollar and Renminbi. The foreign currency derivative arrangement is a pure investment but not a hedging arrangement. The Group entered into the foreign currency derivative arrangement in light of the anticipated appreciation of Renminbi during the year ended 31 March 2011. The foreign currency derivative arrangement was terminated in April 2012. Interest income from deposit placed for a life insurance policy was derived from a life insurance policy took out in June 2012 to insure Mr. Ho Ying Choi, details of which are set out in the subsection headed "Insurance" in the section headed "Business" of this prospectus. The life insurance policy was taken out to alleviate the risk of loss of key management personnel. Rental income was generated from eleven commercial properties in the PRC owned by River Sea as eleven out of the fourteen commercial properties in the PRC were leased out. The Group disposed of its interest in KSU China and River Sea on 27 March 2012 and no rental income was generated after the disposal.

The following table sets out the components of the Group's other income/(expenses) during the Track Record Period.

	Year ended 31 March	
	2012	2013
	HK$	*HK$*
Bank interest income	19,997	2,714
Fair value loss on financial assets at fair value through profit or loss	(1,335,013)	—
Gain from foreign exchange contract transactions	120,697	7,750
Interest income from deposit placed for a life insurance policy	—	111,733
Loss on disposal of financial assets	—	(123,653)
Rental income	320,102	—
Sundry income	—	1,729
	(874,217)	273

Gain on disposal of property, plant and equipment

The disposal of property, plant and equipment represented a gain of approximately HK$2.5 million in the year ended 31 March 2012. The significant disposal gain in the year ended 31 March 2012 was mainly due to the disposal of two residential properties in the PRC by KSU in the year. There was no disposal of property, plant and equipment during the year ended 31 March 2013.

Gain on disposal of a subsidiary

On 27 March 2012, the Group transferred its 100% equity interest in a subsidiary, KSU China, to Super Potent Limited for a cash consideration of HK$1.00. River Sea was a subsidiary of KSU China and was disposed of along with the disposal of KSU China. The disposal of subsidiary resulted in a gain of approximately HK$4.6 million for the year ended 31 March 2012. The transfer was carried out nominally to dispose of non-property management business to the effect of forming the Group with KSU as the principal operating subsidiary. As the interest in KSU China was transferred to companies controlled by the Directors, there was no change in the ultimate control of KSU China. There was no disposal of subsidiary during the year ended 31 March 2013.

Administrative expenses

Administrative expenses mainly comprised staff cost and staff welfare (including Directors' remuneration), rental expenses and building management fees and cleaning, electricity and water expenses. Staff cost and staff welfare included salaries, allowances and staff benefits for administrative staff. Rental expenses and building management fees mainly comprised rent and rates of premises that were leased from More Rise.

The table below sets out the summary of the Group's administrative expenses by nature during the Track Record Period:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Staff cost and staff welfare including Directors' remuneration	25,464,521	27,539,001
Rental expenses and building management fees	1,774,777	1,854,034
Cleaning, electricity and water	273,150	367,005
Staff recruitment expenses	128,798	381,830
Repair and maintenance	105,721	130,381
Sundry expenses	497,806	150,119
	28,244,773	30,422,370

Other operating expenses

Other operating expenses mainly comprised office expenses, depreciation, financial expenses, insurance expenses, legal and professional fee, auditors' remuneration, registration, license and subscription fee, travelling and entertainment expenses. The following table sets out other operating expenses by nature during the Track Record Period:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Insurance expenses	1,617,453	1,926,979
Office expenses	1,489,408	1,352,698
Travelling and entertainment expenses	1,397,460	2,464,300
Depreciation	1,204,546	1,102,334
Auditors' remuneration	504,434	100,000
Legal and professional fee	458,469	1,038,755
Consultancy fee	385,004	325,097
Bank charges	171,801	312,513
Registration, license and subscription fee	144,492	140,473
Listing expenses	—	4,321,350
Others	122,071	—
Total	7,495,138	13,084,499

Insurance expenses were premiums paid mainly for insurance policies of the Group such as professional indemnity insurance. Office expenses represented printing, stationaries, telephone, postage expenses and computer service expenses etc. Depreciation represented depreciation expenses for property, plant and equipment. Legal and professional fee represented charges related to legal actions including, among other things, legal costs and annual legal retainer fees. Consultancy fee represented charges paid for various consultancy services such as repair and maintenance engineering and advisory on integrated management system. Registration, license and subscription fees were incurred annually for business registration, renewal of security license and membership of Hong Kong Association of Property Management Companies. Listing expenses represented application fee and payments to professional parties for rendered services in regard of the Listing.

Finance costs

Finance cost represented interest expense of bank borrowings, loans from Directors and finance lease liabilities. Bank borrowing facilities bore interest rates of (i) 0.5%–2.25% per annum over Prime Rate; (ii) 2%–2.5% per annum over HIBOR; or (iii) 1% per annum below HKD Best Lending rate and 1%–1.5% per annum over HKD Best Lending Rate. Loans from Directors bore interest rates of (i) 8% or (ii) 1% per annum above prime rate. Finance lease charges were related to certain of the Group's motor vehicles held under finance lease arrangements.

Income tax expenses

The Group's revenue was substantially derived in Hong Kong, and the Group was subject to profits tax in Hong Kong. Provision for Hong Kong profits tax was provided at the statutory profit tax rate of 16.5% of the estimated assessable profits for the Track Record Period. The effective tax rate for each of the years ended 31 March 2012 and 2013 are approximately 11.4% and 23.0% respectively. The effective tax rate varied significantly from the statutory tax rate of 16.5% mainly because of the non-taxable/non-tax deductible gain of disposal of a subsidiary and listing expenses. Had the gain of disposal of a subsidiary and listing expenses been excluded, the Group's effective tax rate for each of the years ended 31 March 2012 and 2013 would have been approximately 16.2% and 14.4% respectively.

Other comprehensive income

As a result of the fluctuation in foreign exchange rate between Renminbi and Hong Kong Dollars, gain of approximately HK$0.2 million was recognised from properties held by the Group in the PRC for the year ended 31 March 2012.

A loss of approximately HK$1.5 million of other comprehensive income due to release of translation reserve was attributed to the profit and loss upon disposal of KSU China for the year ended 31 March 2012.

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 March 2012 compared with year ended 31 March 2013

Revenue

The Group's revenue grew slightly from approximately HK$276.7 million for the year ended 31 March 2012 to approximately HK$284.1 million for the year ended 31 March 2013, representing an annual growth rate of approximately 2.7%. The increase was primarily attributed to the growth of revenue generated from property management services contracts, increasing by around 2.3% from approximately HK$260.7 million for the year ended 31 March 2012 to approximately HK$266.7 million for the year ended 31 March 2013. Revenue generated from security services contracts also recorded an increase of around 8.8% from approximately HK$16.0 million for the year ended 31 March 2012 to approximately HK$17.4 million for the year ended 31 March 2013.

The growth in the Group's revenue from property management services contracts was due to an increase in number of units from approximately 68,400 in March 2012 to 72,000 in March 2013 under the Group's management.

The growth in the Group's revenue from security services contracts was attributable to the new security services contracts signed with 2 new customers during the year ended 31 March 2013, of which the aggregate revenue were higher than that of the 4 security services contracts ceased during the year ended 31 March 2012. There was no significantly change in the portfolio of security services contract, and the Group provided security services for 18 and 16 customers for the year ended 31 March 2012 and 2013 respectively.

Costs of services

The cost of services has increased from approximately HK$230.2 million for the year ended 31 March 2012 to approximately HK$231.8 million for the year ended 31 March 2013. The annual growth is approximately 0.7%.

Wages and staff cost increased by approximately 1.2%, representing the main contribution to the increase in total cost of services. The increase in wages was attributed to the increase in number of security staff as at 31 March 2013 as compared to that of 31 March 2012. In particular, the Group recognised long service payment expenses of approximately HK$4.4 million and HK$0.9 million in the cost of services for each of the years ended 31 March 2012 and 2013. Significant long service payment expense was recognised for the year ended 31 March 2012. On 1 May 2011, the minimum wage became effective, and the wage and salary of most of the Group's staff was adjusted upward. The provision for long service payment, which is calculated as multiples of the latest salary of each individual staff, surged from approximately HK$2.2 million as at 31 March 2011 to approximately HK$5.3 million as at 31 March 2012. The adjustment to the provision for long service payment is charged to the Group's profit and loss account. Thus the amount of long service payment expenses recognised in the cost of services for the year ended 31 March 2012 was significantly higher.

Subcontracting charges decreased by around 4.3% from approximately HK$18.4 million for the year ended 31 March 2012 to HK$17.6 million for the year ended 31 March 2013. In line with the minimum wage regime, the Group raised the contractual fees of property management contracts incorporating cleaning services to compensate the increase in the subcontracting changes for cleaning services. Some customers considered it more cost effective to hire their own cleaning service providers and terminated the cleaning services contracts with the Group, thus the Group's total subcontracting charges declined. During the period between the implementation of minimum wage regime in May 2011 and 31 March 2012, 33 customers terminated the cleaning services contracts while retaining other services under the existing property management contracts.

Gross profit and gross profit margin

The following table sets out the gross profit and gross profit margin by contract type during the Track Record Period:

	Year ended 31 March	
	2012	**2013**
Gross profit ***(HK$)***		
Property management services contract	44,436,396	49,607,544
Property security services contract	2,019,017	2,691,228
	46,455,413	52,298,772
Gross profit margin (%)		
Property management services contract	17.0%	18.6%
Property security services contract	12.6%	15.5%
Overall	**16.8%**	**18.4%**

The amount of gross profit increased from approximately HK$46.5 million for the year ended 31 March 2012 to HK$52.3 million for the year ended 31 March 2013, representing an annual growth of approximately 12.6%. Such growth was driven by the increase in gross profit arising from property management services contracts of approximately 11.6% to approximately HK$49.6 million for the year ended 31 March 2013 as compared with the previous year. The growth in the gross profit from property management services contracts was due to the decrease in adjustment made to the provision for long service payment for the year ended 31 March 2013. The Group recorded an increase of approximately 33.3% in the gross profit arising from security services contracts between the year ended 31 March 2012 and 2013.

The overall gross profit margin increased slightly from approximately 16.8% for the year ended 31 March 2012 to 18.4% for the year ended 31 March 2013. The gross profit margin of the property management services contracts increased from approximately 17.0% for the year ended 31 March 2012 to 18.6% for the year ended 31 March 2013. The growth in the gross profit margin from property management services contracts was mainly due to the decrease in adjustment for provision for long service payment charged as cost of services for the year ended 31 March 2013. The decrease in adjustment for provision for long service payment charged as cost of services by approximately HK$3.5 million for the year ended 31 March 2013 as compared to that for year ended 31 March 2012 contributes to the significant increase in gross profit. Additional provision for long service payment was made for the year ended 31 March 2012 due to sharp increase in wage of some staff following the implementation of statutory minimum wage. In absence of material fluctuation in wages during the year ended 31 March 2013, the provision for long service payment returned to a lower level of approximately HK$0.9 million for the period. The gross profit margin of the security services contracts increased from approximately 12.6% to 15.5%. The reason is that the Group slightly reduced the actual working hours of security staff for some security services contracts engaged in both years ended 31 March 2012 and 2013 continuously and that a high-ranking security officer also resigned in May 2012. This elevated the gross profit margin of the security services contracts but had limited effect on the overall gross profit margin since revenue from security services contracts only accounted for less than 7% of total revenue during the Track Record Period.

Other income

Other income represented bank interest income received, gain or loss on disposal of assets and investment in financial products. Although the bank interest income recorded a noticeable decrease comparing the figures for each of the years ended 31 March 2012 and 2013, the amounts were both insignificant.

The Group's investment in three trust funds represented a loss of approximately HK$1.3 million for the year ended 31 March 2012 due to poor market condition. The Group disposed of the trust funds in March 2013.

The Group entered into a foreign exchange contract of USD against Renminbi in 2011 and enjoyed a gain of approximately HK$0.1 million due to appreciation of Renminbi. The foreign exchange contract was terminated in April 2012.

Rental income of HK$0.3 million was generated from lease of commercial properties in the PRC for the year ended 31 March 2012.

Gain on disposal of property, plant and equipment

In the year ended 31 March 2012, the Group disposed of two residential properties in the PRC by KSU, resulting in a considerable gain of approximately HK$2.5 million.

Gain on disposal of a subsidiary

For the disposal of subsidiary, the significant gain of approximately HK$4.6 million in the year ended 31 March 2012 was attributed to non-recurring event of disposal of KSU China.

Administrative expenses

The Group had on average 243 and 254 office staff for the two years ended 31 March 2012 and 2013 respectively. The increase in staff cost and staff welfare during the period was mainly due to the increase in salaries and allowance from approximately HK$20.2 million for the year ended 31 March 2012 to approximately HK$23.7 million for the year ended 31 March 2013. Director's remuneration remained stable, amounting to approximately HK$1.2 million for both years ended 31 March 2012 and 2013.

There is no material change in the rental expenses and building management fees between the year ended 31 March 2012 and 2013.

Other operating expenses

The amount of other operating expenses increased by approximately HK$5.6 million between the year ended 31 March 2012 and 2013. The noticeable increase was mainly attributable to the listing expenses of approximately HK$4.3 million incurred during the year ended 31 March 2013. Listing expenses comprised payment of fees to professional parties and application fee for the Listing. Insurance expenses increased by around 19.1% from approximately HK$1.6 million for the year ended 31 March 2012 to approximately HK$1.9 million for the year ended 31 March 2013. The increment was due to additional insurance expense of approximately HK$259,000 paid for the life insurance policy for Mr. Ho Ying Choi, an executive Director and the Group's chief executive officer, taken out in June 2012. The increase of travelling and entertainment expenses by approximately 76.3% was due to increased entertainment activities during the year ended 31 March 2013. Legal and professional fee increased significantly by 126.6% from approximately HK$0.5 million for the year ended 31 March 2012 to approximately HK$1.0 million for the year ended 31 March 2013 as a result of charges paid to a business consultant for drafting of internal control manual and preparation of accounting schedules.

Finance costs

The finance costs of the Group increased from approximately HK$1.3 million for the year ended 31 March 2012 to approximately HK$1.6 million for the year ended 31 March 2013. The increase in finance costs was principally due to bank loan interest, which increased from approximately HK$0.3 million for the year ended 31 March 2012 to approximately HK$1.2 million as a result of increased bank loans from approximately HK$6.8 million as at 31 March 2012 to approximately HK$30.6million as at 31 March 2013. The decrease in bank overdraft interest during the period were not significant enough to offset the aforementioned increment in finance costs.

Income tax expenses

The income tax expenses of the Group increased from approximately HK$1.8 million for the year ended 31 March 2012 to approximately HK$1.7 million for the year ended 31 March 2013. The change in the amount of income tax expenses was mainly due to the decline in assessable profit of the Group in the year ended 31 March 2013.

Profit for the year

The Group's results of operation declined considerably as the profit for the year decreased from approximately HK$13.9 million for the year ended 31 March 2012 to approximately HK$5.6 million for the year ended 31 March 2013. The drop in profit was mainly attributed to (i) the incurred listing expenses of approximately HK$4.3 million for the year ended 31 March 2013; (ii) the gain of disposal of a subsidiary of approximately HK$4.6 million recognised in the year ended 31 March 2012; and (iii) the gain on disposal of property, plant and equipment of approximately HK$2.5 million recognised in the year ended 31 March 2012.

Financial performance for the year ending 31 March 2014

Estimated listing expenses of approximately HK$15.6 million, which are non-recurrent in nature, are attributable as to (i) approximately HK$5.1 million to the issue of new Shares as a deduction from equity; and (ii) approximately HK$10.5 million to be charged to the Group's profit and loss account prior to or upon completion of the Listing. Approximately HK$4.3 million has been incurred by the Group as listing expenses for the Track Record Period. It is expected that the balance of approximately HK$6.2 million has been/will be charged to the Group's profit and loss account for the year ending 31 March 2014. The Group's financial performance for the year ending 31 March 2014 is expected to be materially and adversely affected by the estimated expenses in relation to the Listing.

The Group's financial performance for the year ending 31 March 2014 is expected to be materially and adversely affected by the estimated expenses in relation to the Listing.

LIQUIDITY AND CAPITAL RESOURCES

Cash flows

The following table sets forth the cash flows for the periods indicated:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Net cash generated from operating activities	7,557,537	2,348,888
Net cash generated from/(used in) investing activities	6,863,088	(15,097,618)
Net cash (used in)/generated from financing activities	(4,925,456)	6,225,713
Net increase/(decrease) in cash and cash equivalents	9,495,169	(6,523,017)
Cash and cash equivalents at beginning of the year	(5,567,682)	3,887,655
Effect of foreign exchange rate changes	(39,832)	—
Cash and cash equivalents at end of the year	3,887,655	(2,635,362)

Net cash generated from operating activities

The net cash generated from operating activities was approximately HK$2.3 million for the year ended 31 March 2013. The amount was derived from the Group's profit before tax of approximately HK$7.2 million, adjusted for (i) listing expense incurred of approximately HK$4.3 million; (ii) interest expense of approximately HK$1.6 million; and (iii) changes in working capital mainly being the increase in trade and other receivables of approximately HK$8.1 million. The increase in the trade and other receivables was mainly due to the increase in trade receivables by approximately HK$6.4 million for the year ended 31 March 2013.

The net cash generated from operating activities was approximately HK$7.6 million for the year ended 31 March 2012. The amount was derived from the Group's profit before tax of approximately HK$15.7 million, adjusted for (i) gain on disposal of a subsidiary of approximately HK$4.6 million; (ii) depreciation charge of approximately HK$1.2 million; (iii) gain on disposal of property, plant and equipment of approximately HK$2.5 million; and (iv) changes in working capital mainly being the increase in trade and other receivables of approximately HK$6.7 million. The increase in the trade and other receivables was mainly due to the 26.3% growth in revenue for the year ended 31 March 2012 as compared with the previous year.

Net cash generated from/(used in) investing activities

For the year ended 31 March 2013, the Group had net cash used in investing activities of approximately HK$15.1 million, representing mainly the increase in pledged bank deposits of approximately HK$10.3 million and payment of deposit placed for a life insurance policy of approximately HK$4.0 million.

For the year ended 31 March 2012, the Group had net cash generated from investing activities of approximately HK$6.9 million, representing mainly proceeds from disposal of property, plant and equipment of approximately HK$9.8 million, mainly being the properties that were disposed of by the Group. Proceeds from disposal of property, plant and equipment was partially offset by the increase in pledged bank deposits by approximately HK$1.9 million. The deposits were pledged to banks for securing the Group's banking facilities and performance bond.

Net cash (used in)/generated from financing activities

For the year ended 31 March 2013, the Group had net cash generated from financing activities of approximately HK$6.2 million, representing mainly net bank loans raised of approximately HK$23.8 million and the decrease in amounts due from related parties of approximately HK$9.0 million, offset by the repayment of loans to Directors of approximately HK$18.1 million.

For the year ended 31 March 2012, the Group had net cash used in financing activities of approximately HK$4.9 million, representing mainly the increase in amounts due from directors by approximately HK$12.6 million, partially offset by the increase in amounts due to related parties by approximately HK$6.2 million and loans from Directors of approximately HK$2.5 million.

ANALYSIS OF VARIOUS ITEMS FROM THE COMBINED STATEMENTS OF FINANCIAL POSITION

Financial assets at fair value through profit or loss

The balance as at 31 March 2012 represented the fair value of the Group's investment in three unit trust funds, that were purchased before the Track Record Period. These unit trust funds invests in Hong Kong, China and Russia markets. These financial assets were pledged to bank to secure banking facilities granted to the Group. These funds have been disposed of in March 2013.

Trade and other receivables

The following table sets forth the breakdown of trade and other receivables as at the end of each reporting period:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Trade receivable	37,271,214	43,627,232
Deposits, prepayments and other receivable	5,206,088	9,315,305
	42,477,302	52,942,537

Trade receivable represents the amounts due from the Group's customers for the Group's revenue. The increase in trade receivable from approximately HK$37.3 million as at 31 March 2012 to approximately HK$43.6 million as at 31 March 2013 mainly due to the increase in number of customers. As compared with 31 March 2012, the Group had a net increase of 6 customers as at 31 March 2013. The following table sets forth the debtors' turnover days of the trade receivables (calculated as the average of beginning and ending trade receivable balances for the period divided by revenue for the period, multiplied by the number of the days in the period) for the periods indicated:

	For the year ended 31 March	
	2012	**2013**
Debtors' turnover day	44.2 days	52.0 days

The debtors' turnover day increased from approximately 44.2 days for the year ended 31 March 2012 to approximately 52.0 days for the year ended 31 March 2013. No credit term is generally granted in the service agreements with customers. The Group usually issues monthly invoices in arrears. After issuance of monthly invoice, the responsible property manager or property officer will remind the customers to settle the service fee. If the outstanding service fee has not been settled in two months, the responsible district manager will contact the customers, understand the reasons for the long settlement period and urge the customers for settlement.

The statutory minimum wage was implemented in May 2011 respectively, and thus the monthly revenue earned was higher between May 2011 and March 2013 than before April 2011. With the inclusion of proportionately longer period of more revenue amount and lower average trade receivable balance (due to lower beginning trade receivable balance as at 1 April 2011), the average of trade receivables as at 1 April 2011 and 2012 increased proportionately less and thus the trade receivable turnover day for the year ended 31 March 2012 is lower than that for the year ended 31 March 2013. Furthermore, the trade receivable was at a higher balance as at 31 March 2013 mainly due to the increasing number of customers, leading to the higher trade receivable turnover day for the year ended 31 March 2013.

The following table illustrates the aging analysis of trade receivable as of the end of each of the reporting periods.

	As at 31 March			
	2012		2013	
	HK$	*%*	*HK$*	*%*
0–30 days	20,391,008	54.7	24,859,487	57.0
31–60 days	8,654,814	23.2	8,886,382	20.4
61–90 days	3,407,255	9.2	3,389,293	7.7
More than 90 days	4,818,137	12.9	6,492,070	14.9
	37,271,214	100.0	43,627,232	100.0

The percentage of trade receivable that aged over 30 days was stable and dropped only slightly from 45.3% as at 31 March 2012 and dropped to 43.0% as at 31 March 2013. This indicates that the Group has a stable debtor portfolio. No credit term is generally provided to customers. The Group usually issues monthly invoices in arrears. The Group usually receives payments from customers in the next two months.

Trade receivables are impaired where there is objective evidence of impairment, such as significant financial difficulty of the counterparty; or breach of contract, such as default or delinquency in interest and principal payments. Objective evidence of impairment for a portfolio of receivables includes an increase in the number of delayed payments in the portfolio past a normally allowed credit period of 30–60 days and observable changes in national or local economic conditions that correlate with default on receivables. As at 31 March 2012 and 2013, no impairment of trade receivable was made. Up to 31 July 2013, 88.7% of the Group's trade receivable as at 31 March 2013 has been subsequently settled.

The following table sets forth the breakdown of deposits, prepayments and other receivables as at the end of each reporting period:

	As at 31 March	
	2012	2013
	HK$	*HK$*
Other receivables due from customers	1,448,310	1,004,337
Other receivables due from other parties	920,505	6,158,307
Deposits	11,600	285,300
Prepayments	2,825,673	1,867,361
	5,206,088	9,315,305

The receivables due from customers arose because of the payment of some of the customers' expenses by the Group. Other receivables due from other parties mainly represented miscellaneous amounts due from other parties such as deposits paid to a maintenance service provider and deposits paid for the Group's office renovation. Prepayments represented prepayments for various Group's expenditure including listing expenses. The amount of other receivables due from other parties increased considerably from approximately HK$0.9 million as at 31 March 2012 to approximately HK$6.2 million as at 31 March 2013 because the Group disposed of investment trust funds in March 2013 and the proceeds had not been received by 31 March 2013, giving rise to other receivables for the trust funds of approximately HK$5.3 million as at 31 March 2013. The balance of prepayment dropped from approximately HK$2.8 million as at 31 March 2012 to approximately HK$1.9 million mainly because the Group had prepaid listing expense of approximately HK$2.0 million and HK$1.4 million in relation to services that had yet to be rendered as at 31 March 2012 and 31 March 2013 respectively. Approximately HK$4.3 million listing expense had been incurred by the Group for the year ended 31 March 2013 and thus the balance of prepaid listing expense dropped.

Listing expenses is incurred when the related professional services is performed by the relevant parties, except for those listing expenses directly attributable to the listing of new Shares, which will be written off against share premium upon Listing. It is the Directors' view that this treatment complies with Hong Kong general accounting practice.

As explained in the subsection headed "Use of proceeds" in the section headed "Reasons for the Placing and Use of Proceeds" in this prospectus, the estimated expenses to be incurred in connection with the Listing is approximately HK$15.6 million. Such estimated expenses, which are non-recurrent in nature, are attributable as to (i) approximately HK$5.1 million to the issue of new Shares as a deduction from equity; and (ii) approximately HK$10.5 million to be charged to the Group's profit and loss account prior to and upon completion of the Listing.

Pledged bank deposits

As at each of 31 March 2012 and 2013, the Group had deposits pledged to banks amounting to approximately HK$5.4 million and HK$15.7 million respectively. The pledged deposits were used to secure performance bonds issued by a bank in favour of the Group's customers. Before March 2013, the Group's performance bonds were also secured by the Group's investment in unit trust funds. When these unit trust funds were disposed of in March 2013, more bank deposits were pledged as security.

Trade and other payables

The following table sets forth the breakdown of trade and other payables as at the end of each reporting period:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Trade payables	1,472,551	1,427,659
Building deposits received	3,247,164	3,121,921
Sundry creditors and accruals	26,590,061	28,025,198
Provision for long service payment	5,286,909	5,446,638
	36,596,685	38,021,416

The trade payables represents the balance due to the Group's subcontractors. The balances were stable and dropped only slightly from approximately HK$1.5 million as at 31 March 2012 to approximately HK$1.4 million as at 31 March 2013. The following table sets forth the creditors' turnover day (calculated as the average of beginning and ending total trade payable balances for the period divided by subcontracting charge for the period, multiplied by the number of the days in the period) for the periods indicated:

	For the year ended 31 March	
	2012	**2013**
Creditors' turnover day	30.3 days	30.0 days

No credit term is generally granted by the Group's subcontractors. The Group generally settles the monthly subcontracting fees in the following month. Because of the stable payment pattern of the Group, the creditors' turnover day was stable and was approximately 30.3 days and 30.0 days for each of the years ended 31 March 2012 and 2013 respectively.

All of the Group's trade payables as at 31 March 2013 have been subsequently settled up to 30 April 2013.

The following table sets forth the breakdown of sundry creditors and accruals as at the end of each reporting period:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Accrued staff cost and staff benefit	15,153,926	15,490,869
Accrued staff bonus and annual leave	4,623,099	6,675,505
Other accrued expenses	472,181	291,491
Other payables due to customers	2,938,768	1,306,947
Other payables due to other parties	3,402,087	4,260,386
	26,590,061	28,025,198

The accrued staff cost and staff benefit represented accruals for wages and staff benefits such as mandatory provident fund. The balance was stable and was approximately HK$15.2 million and HK$15.5 million as at 31 March 2012 and 2013 respectively. The accrued staff bonus and annual leave grew considerably from approximately HK$4.6 million as at 31 March 2012 to approximately HK$6.7 million as at 31 March 2013 mainly due to accumulation of more annual leaves as at 31 March 2013 as compared with 31 March 2012 and the general salary increment. Other payables due to customers mainly represented the deposits received from numerous customers for payments of building expenses, net of any expenditure paid on behalf of the customers by the Group. Also, the Group collected management fees on behalf of the customers that do not hold their own bank accounts, therefore payables due to these customers arose. The balance dropped from approximately HK$2.9 million as at 31 March 2012 to approximately HK$1.3 million as at 31 March 2013 mainly because the Group holds bank accounts on trust for those customers that do not hold their own bank accounts during the year ended 31 March 2013 and thus the amount of payables reduced. Other payables due to other parties mainly represented the payables for customers' building expenses such as maintenance expenses. The balance increased from approximately HK$3.4 million as at 31 March 2012 to approximately HK$4.3 million as at 31 March 2013 mainly because the accrued expense for customers' operation increased.

The amount of provision for long service payment remained steady and was approximately HK$5.3 million and HK$5.4 million as at 31 March 2012 and 2013 respectively. Building deposits received represented deposits paid by the Group's customers to the Group in accordance with the services contracts with customers.

Balances with Directors and related parties

As at each of 31 March 2012 and 2013, the Group had the following balances with Directors and related parties:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Amounts due from/(due to) Directors		
Mr. Ho Ying Choi	2,359,499	(437,235)
Mr. Ho Ying Cheung	—	6,081,968
	2,359,499	5,644,733
Amounts due from related parties		
Fortune Trend	6,950,347	6,816,129
Eastern Rise Properties (Holdings) Limited	15,262	15,262
Huge Rise Investment Limited	20,510	20,510
More Rise	4,145,819	4,829,827
Super Potent Limited	64,407	74,407
KSU China	13,212,577	—
Ms. Ho Siu Chun	—	3,615,086
	24,408,922	15,371,221
Amount due from ultimate holding company		
Topgrow	497,778	503,716
Amount due to a related party		
River Sea	(6,186,686)	(6,186,686)
Loans from Directors		
Mr. Ho Ying Cheung	(3,526,000)	—
Mr. Ho Ying Choi	(14,534,004)	—
	(18,060,004)	—

The balance with More Rise mainly arose from fund transferred to More Rise before the Track Record Period. The balance with More Rise was HK$4.8 million as at the Latest Practicable Date. The balances with KSU China and River Sea arose when they ceased to be the Group's subsidiaries in the year ended 31 March 2012. The balances with Fortune Trend, Eastern Rise Properties (Holdings) Limited and Super Potent were mostly brought forward from previous years. Ms. Ho Siu Chun is a director of KSU and is the sister of Mr. Ho Ying Cheung and Mr. Ho Ying Choi. The amount due from Ms. Ho Siu Chun arose from fund transfers to Ms. Ho.

The loans from Directors represent the various loans from Mr. Ho Ying Cheung and Mr. Ho Ying Choi to support the Group's operation. These loans are either interest-free or carry interest of 1% per annum above prime rate. They are unsecured and repayable on demand.

Save for the above, all other balances with a Director, related companies and the ultimate holding company are unsecured, interest-free and repayable on demand.

Save for balances with More Rise arising from the lease of an office property to the Group which will be settled intermittently after Listing, all of the above balances, including the the amount due from More Rise of approximately HK$4.8 million, will be settled before Listing.

NET CURRENT ASSETS

The following table sets forth the breakdown of the Group's current assets and current liabilities as at 31 March 2012 and 2013 and 31 July 2013:

	As at 31 March		As at 31 July
	2012	**2013**	**2013**
	HK$	*HK$*	*HK$*
			(unaudited)
Current assets			
Trade and other receivables	42,477,302	52,942,537	51,730,488
Amounts due from directors	2,359,499	6,081,968	3,178,852
Amounts due from related parties	24,408,922	15,371,221	9,551,580
Amount due from ultimate holding company	497,778	503,716	503,716
Financial assets at fair value through profit or loss	5,402,060	—	—
Pledged bank deposits	5,407,083	15,666,435	15,561,444
Cash and bank balances	7,993,104	5,576,540	8,882,391
	88,545,748	96,142,417	89,408,471
Current liabilities			
Trade and other payables	36,596,685	38,021,416	43,990,721
Amount due to a director	—	437,235	1,598,496
Amount due to a related party	6,186,686	6,186,686	—
Loans from directors	18,060,004	—	—
Obligations under finance leases	101,815	388,194	375,500
Income tax payable	2,092,495	175,349	495,943
Bank borrowings — secured	10,905,449	38,807,358	31,852,951
	73,943,134	84,016,238	78,313,611
Net current assets	14,602,614	12,126,179	11,094,860

As confirmed by the Directors, the Group has no material default in payments of trade and non-trade payables and bank borrowings during the Track Record Period.

SUFFICIENCY OF WORKING CAPITAL

The Directors confirm that the Group has sufficient working capital for its requirements for at least the next 12 months from the date of this prospectus, taking into account the estimated net proceeds from the Placing and cash flows from operations.

INDEBTEDNESS

The following table sets out the Group's indebtedness as at the respective financial position dates below.

	As at 31 March		As at 31
	2012	2013	July 2013
	HK$	*HK$*	*HK$*
			(unaudited)
Bank borrowings, secured			
Bank loans	6,800,000	30,595,456	31,193,172
Bank overdrafts	4,105,449	8,211,902	659,779
	10,905,449	38,807,358	31,852,951
Obligations under finance leases	190,360	944,534	804,557
Loans from Directors, unsecured			
Mr. Ho Ying Cheung	3,526,000	—	—
Mr. Ho Ying Choi	14,534,004	—	—
	18,060,004	—	—
Amount due to a Director — Mr. Ho Ying Choi, unsecured	—	437,235	1,598,496
Amount due to a related party — River Sea, unsecured	6,186,686	6,186,686	—

Bank borrowings

The Group raised various bank borrowings for the Group's working capital. As at 31 March 2012 and 2013, the Group had total bank borrowings of approximately HK$10.9 million and HK$38.8 million respectively. These bank borrowings were secured by the Group's bank deposits, properties of related parties, unlimited guarantees from the Directors, a director of KSU and related parties, subordination of the loan from a Director and guarantees from the Hong Kong government under the Special Loan Guarantee Scheme. The amount of bank loan that is secured by the Hong Kong government was HK$1.8 million and HK$1.2 million as at 31 March 2012 and 2013 respectively. As at 31 March 2013, the Group also had bank loan of approximately HK$11.6 million secured by guarantee of Hong Kong Mortgage Corporation under its SME Financing Guarantee Scheme. The Group's bank borrowings carried interest of 0.5% per annum below to 2.25% per annum above the respective banks' prime rate, 1%–1.25% per annum above the respective banks' best lending rate or 2%–2.5% per annum above HIBOR. As the loans from Directors of approximately HK$18.1 million as at 31 March 2012 have been settled during the year ended 31 March 2013, and the Group placed deposit of approximately HK$3.8 million for a life insurance policy to insure a Director during the year ended 31 March 2013, the Group raised more bank borrowings to fund the Group's operation.

As at 31 March 2013, the Group had amounts due from Directors, related parties and ultimate holding company of approximately HK$22.0 million in aggregate. These balances will be settled before or upon Listing. In May 2013, the Group received repayment of approximately HK$7.2 million from the Directors for partial settlement of the amounts due from Directors and related parties.

As at 31 July 2013, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this prospectus, the Group had bank loans and bank overdraft of approximately HK$31.2 million and HK$0.7 million respectively. The Group's bank overdrafts dropped significantly from approximately HK$8.2 million as at 31 March 2013 to approximately HK$0.7 million as at 31 July 2013 mainly because of the partial settlement of balances due from Directors of approximately HK$7.2 million in May 2013.

These security of properties of related parties and guarantees from the Directors and related parties will be released before Listing. All relevant security pledged to banks to secure banking facilities granted to related parties will also be released before Listing.

In securing bank facilities granted to the Group by a bank, KSU undertook to maintain a covenant requirement that the adjusted tangible net worth[*(note)*] of KSU shall be of no less than HK$10 million. The abovementioned adjusted tangible net worth will be revised to HK$18 million upon Listing. As at 31 July 2013, KSU had adjusted tangible net worth[*(note)*] of approximately HK$10.2 million based on its unaudited management account. Based on unaudited pro forma financial information of the Group set out in the Appendix II to this prospectus, the unaudited pro forma adjusted net tangible assets of the Group will range from approximately HK$39.6 million to HK$58.8 million. If the Group breaches such covenant requirement, and if the bank thereby cancels or withdraws the relevant banking facilities granted, the Group will lose banking facilities of HK$41.3 million including facility for performance bond of HK$12.0 million available as at 31 July 2013. Based on the audited financial statements of KSU for the year ended 31 March 2012 and 2013, KSU did not breach the relevant financial covenant requirements.

Obligations under finance leases

The Group had certain motor vehicles acquired under finance leases. The carrying value of motor vehicles under finance leases amounted to approximately HK$0.2 million and HK$1.5 million as at 31 March 2012 and 2013 respectively. The lease terms are 3 to 5 years. The finance leases carry interest at the rate per annum of 5% to 5.5%.

As at 31 July 2013, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this prospectus, the Group had obligations under finance leases of approximately HK$0.8 million.

Note: Adjusted tangible net worth is defined as "tangible net worth" netted off with loans to/from directors and related parties pursuant to the relevant banking facility letters, where "tangible net worth" is the aggregate of: (i) the amount paid up on the issued share capital (other than any redeemable share capital) of KSU; and (ii) the capital and revenue reserves (including but not limited to the share premium account, revaluation and retained profits or losses); but after deducting from such sum: (a) goodwill and all other intangible assets; (b) all minority interests in subsidiaries; (c) all amounts set aside for tax; (d) any dividend or other distribution declared/recommended; (e) the excess of the book value to the market value of the listed investments; (f) any amount standing to the debit of KSU's capital and reserves (including profit and loss account); and (g) any amount due from shareholders, directors, and/or related companies

Loans from Directors

The loans from Directors as at 31 March 2012 represent the various loans from Mr. Ho Ying Cheung and Mr. Ho Ying Choi to support the Group's operation. These loans are either interest-free or carry interest of 1% per annum above prime rate. They are unsecured and repayable on demand.

Amount due to a Director

The amount due to a Director, Mr. Ho Ying Choi, was unsecured, interest-free and repayable on demand.

Amount due to a related party

The amount due to a related party, River Sea, arose when it ceased to be the Group's subsidiary in the year ended 31 March 2012. The amount is unsecured, interest-free and repayable on demand.

Mortgages and charges

As at 31 March 2012 and 2013 and 31 July 2013, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this prospectus, the Group had pledged deposits of approximately HK$5.4 million, HK$15.7 million and HK$15.6 million respectively. These deposits pledged to banks to secure banking facilities granted to the Group as at 31 March 2012 and 2013 and 31 July 2013.

Contingent liabilities

(a) Financial guarantees issued

As at each of 31 March 2012 and 2013 and 31 July 2013, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this prospectus, the Group has issued cross guarantees to a bank in respect of the banking facilities granted to the Group and its related parties. Under the cross guarantees, the Group and its related parties, being Fortune Trend and More Rise, are jointly and severally liable for all or any of the borrowings of each of them from the bank.

The maximum liability of the Group at the end of the report period under guarantees is the outstanding amount of the bank borrowings to the related parties at that date. The outstanding amounts of bank borrowings to the related parties as at 31 March 2012 and 2013 and 31 July 2013 are approximately HK$12.2 million, HK$4.8 million and HK$4.6 million respectively. These cross guarantees will be released prior to the Listing.

(b) Performance bond

Performance bonds have been issued by several banks. As at each of 31 March 2012 and 2013 and 31 July 2013, being the latest practicable date for the purpose of the indebtedness statement prior to the printing of this prospectus, the amount of outstanding performance bonds was approximately HK$13.9 million, HK$15.8 million and HK$16.8 million respectively.

Most of the performance bonds issued were related to customers with client accounts held on trust by the Group. The amounts of the performance bonds were specified in the property management contracts with the respective customers. The amounts of the respective performance bonds were usually fixed as specified in the property management contracts, as opposed to the variable nature of monies in client accounts or other payables due to customers. Other payables due to customers mainly represents (i) the deposits received from various customers for payments of building expenses; and (ii) management fees collected by the Group for some customers (if any), less payment made by the Group on behalf of the customers. The total amounts of performance bonds in issue had no direct relationship with the amount of other payables to customers or monies in client accounts.

(c) Legal cases

During the ordinary course of its business, the Group may from time to time be involved in litigation concerning personal injuries sustained by its employees or third party claimants. For details of the outstanding cases, please refer to the sub-section headed "Litigation" in the section headed "Business" in this prospectus.

DISCLAIMER

Save as aforesaid or as otherwise disclosed herein and apart from normal trade and other payables and tax payable, the Group did not have any mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities outstanding as at the closure of business on 31 July 2013.

The Directors have confirmed that there has not been any material change in the indebtedness, capital commitment and contingent liabilities of the Group since 31 July 2013.

CAPITAL COMMITMENT

At the close of business on 31 March 2013, the Group had no material capital commitments contracted for but not provided for in the Group's combined financial statements.

CAPITAL EXPENDITURES

The following table sets out the Group's capital expenditures for the periods indicated. Save for the investment in certain motor vehicles under finance leases, the capital expenditures were funded out of the Group's internal resources.

	For the year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Leasehold improvements	371,240	104,300
Furniture and fixtures	15,320	100,052
Motor vehicle	209,383	1,470,696
Office equipment	447,053	204,252
	1,042,996	1,879,300

OTHER KEY FINANCIAL RATIOS

	As at/For the year ended 31 March	
	2012	**2013**
Turnover growth[1]	26.3%	2.7%
Net profit growth[2]	216.6%	–60.0%
Gross profit margin[3]	16.8%	18.4%
Net profit margin before interest and tax[4]	6.1%	3.1%
Net profit margin[5]	5.0%	2.0%
Return on equity[6]	55.6%	28.6%
Return on assets[7]	14.6%	5.6%
Current ratio[8]	1.20 times	1.14 times
Gearing ratio[9]	60.1%	194.4%
Debt to equity ratio[10]	16.8%	167.1%
Interest coverage[11]	13.5 times	5.6 times
Debtors' turnover day[12]	44.2 days	52.0 days
Creditors' turnover day[13]	30.3 days	30.0 days

Notes:

1. Turnover growth is calculated as the year-on-year growth rate of revenue.

2. Net profit growth is calculated as the year-on-year growth rate of net profit.

3. Gross profit margin is calculated as the gross profit divided by revenue.

4. Net profit margin before interest and tax is calculated as the profit before interest and tax divided by revenue.

5. Net profit margin is calculated as the profit for the year divided by revenue.

6. Return on equity is calculated as the profit for the year divided by average total equity.

7. Return on assets is calculated as the profit for the year divided by average total assets.

8. Current ratio is calculated as the current assets divided by current liabilities.

9. Gearing ratio is calculated as the total debt divided by total equity. For the avoidance of doubt, total debt represents bank borrowing and finance lease obligation.

10. Debt to equity ratio is calculated as the total debt net of cash and bank balances and divided by total equity. For the avoidance of doubt, total debt represents bank borrowing and finance lease obligation.

11. Interest coverage is calculated as the profit before interest and tax divided by finance cost.

12. Debtors' turnover day is calculated as average trade receivables divided by revenue times number of days in the period.

13. Creditors' turnover day is calculated as average trade payables divided by cost of services times number of days in the period.

Turnover growth

The Group has experienced a turnover growth of approximately 2.7% as compared between the turnover in the year ended 31 March 2012 and 2013. The increase was primarily attributed to the growth of revenue from property management services contracts, increasing by around 2.3% to approximately HK$266.7 million for the year ended 31 March 2013 as compared with the previous year. The growth in the Group's revenue from property management services contracts was due to an increase in number of units from approximately 68,400 in March 2012 to 72,000 in March 2013 under the Group's management.

Net profit growth

The Group has experienced a net profit decline of approximately 60.0% for the year ended 31 March 2013 as compared with the previous year. The decline in profit for the year was mainly attributed to (i) listing expense of approximately HK$4.3 million incurred for the year ended 31 March 2013; (ii) the gain on disposal of a subsidiary of approximately HK$4.6 million recognised in the year ended 31 March 2012; and (iii) the gain on disposal of property, plant and equipment of approximately HK$2.5 million recognised in the year ended 31 March 2012.

Gross profit margin

The overall gross profit margin increased from approximately 16.8% to 18.4% in each of the two years ended 31 March 2012 and 2013 as the gross profit margin of the property management services contracts rose from approximately 17.0% for the year ended 31 March 2012 to 18.6% for the year ended 31 March 2013. The growth in the gross profit margin from property management services contracts was mainly due to the decrease in adjustment for provision for long service payment charged as cost of services for the year ended 31 March 2013. The decrease in adjustment for provision for long service payment charged as cost of services by approximately HK$3.5 million for the year ended 31 March 2013 as compared to that for year ended 31 March 2012 contributes to the significant increase in gross profit. Additional provision for long service payment was made for the year ended 31 March 2012 due to sharp increase in wage of some staff following the implementation of statutory minimum wage. In the absence of material fluctuation in wages during the year ended 31 March 2013, the provision for long service payment returned to a lower level of approximately HK$0.9 million for the period.

Net profit margin before interest and tax

The Group's net profit margin before interest and tax has declined during the Track Record Period. The net profit margin before interest and tax for each of the two years ended 31 March 2012 and 2013 were 6.1% and 3.1% respectively. The higher net profit margin before interest and tax recorded for the year ended 31 March 2012 was attributable to the non-recurring gain such as the gain on disposal of property, plant and equipment of approximately HK$2.5 million and the gain of disposal of a subsidiary of approximately HK$4.6 million recognised in the year ended 31 March 2012. Besides, the Group incurred listing expenses of approximately HK$4.3 million for the year ended 31 March 2013.

Net profit margin

The Group's net profit margin has declined during the Track Record Period. The net profit margin for each of the two years ended 31 March 2012 and 2013 were 5.0% and 2.0% respectively. The income tax expense decreased by around 7.3% between the year ended 31 March 2012 and 2013 as the Group's profit before taxation has decreased considerably. The change in net profit margin is in line with the changes in net profit margin before interest and tax.

Return on equity

The return on equity dropped from 55.6% for the year ended 31 March 2012 to 28.6% for the year ended 31 March 2013, mainly due to: (i) the non-recurring listing expenses of approximately HK$4.3 million incurred for the year ended 31 March 2013; and (ii) the one-off gain on disposal of property, plant and equipment and gain on disposal of a subsidiary with aggregate amount of approximately HK$7.2 million recorded by the Group for the year ended 31 March 2012.

Return on assets

The return on assets dropped from 14.6% for the year ended 31 March 2012 to 5.6% for the year ended 31 March 2013, mainly due to: (i) the non-recurring listing expenses of approximately HK$4.3 million incurred for the year ended 31 March 2013; and (ii) the one-off gain on disposal of property, plant and equipment and gain on disposal of a subsidiary with aggregate amount of approximately HK$7.2 million recorded by the Group for the year ended 31 March 2012.

Current ratio

The Group's current ratio decreased from 1.20 times as at 31 March 2012 to 1.14 times as at 31 March 2013 mainly because the Group placed deposit of approximately HK$3.8 million for a life insurance policy during the year ended 31 March 2013.

Gearing ratio

The Group's gearing ratio increased from approximately 60.1% as at 31 March 2012 to approximately 194.4% as at 31 March 2013. The total bank borrowings increased to approximately HK$38.8 million as at 31 March 2013 as the Group raised bank borrowings to cope with the business and financial needs of the Group. On the other hand, the Group's total equity increased only slightly during the year ended 31 March 2013 despite the profitable results in the year, as the Group declared and settled dividend of HK$5.0 million during the year ended 31 March 2013.

As the loans from Directors of approximately HK$18.1 million (not included in total debts) as at 31 March 2012 have been settled during the year ended 31 March 2013, and the Group placed deposit of approximately HK$3.8 million for a life insurance policy to insure a Director during the year ended 31 March 2013, the Group raised more bank borrowings to fund the Group's operation.

Debt to equity ratio

The Group's debt to equity ratio increased from approximately 16.8% as at 31 March 2012 to approximately 167.1% as at 31 March 2013. The total bank borrowings increased to approximately HK$38.8 million as at 31 March 2013 as the Group raised bank borrowings to cope with the business and financial needs of the Group. As the loans from Directors of approximately HK$18.1 million (not included in total debts) as at 31 March 2012 have been settled during the year ended 31 March 2013, and the Group placed deposit of approximately HK$3.8 million for a life insurance policy to insure a Director during the year ended 31 March 2013, the Group raised more bank borrowings to fund the Group's operation.

Interest coverage

The interest coverage dropped from 13.5 times for the year ended 31 March 2012 to 5.6 times for the year ended 31 March 2013 mainly due to (i) the non-recurring listing expenses of approximately HK$4.3 million incurred for the year ended 31 March 2013; and (ii) the significant gain on disposal of property, plant and equipment and gain on disposal of subsidiaries of approximately HK$7.2 million recognised for the year ended 31 March 2012.

Debtors' turnover day

The debtors' turnover day increased from approximately 44.2 days for the year ended 31 March 2012 to approximately 52.0 days for the year ended 31 March 2013. The statutory minimum wage was implemented in May 2011 respectively, and thus the monthly revenue earned was higher between May 2011 and March 2013 than before April 2011. With the inclusion of proportionately longer period of more revenue amount and lower average trade receivable balance (due to lower beginning trade receivable balance as at 1 April 2011), the average of trade receivables as at 1 April 2011 and 2012 increased proportionately less and thus the trade receivable turnover day for the year ended 31 March 2012 is lower than that for the year ended 31 March 2013. Furthermore, the trade receivable was at a higher balance as at 31 March 2013 mainly due to the increasing number of customers, leading to the higher trade receivable turnover day for the year ended 31 March 2013.

Creditors' turnover day

Because of the stable payment pattern of the Group, the creditors' turnover day was stable and was approximately 30.3 days and 30.0 days for each of the years ended 31 March 2012 and 2013 respectively.

DIVIDEND POLICY

Dividends may be paid out by way of cash or by other means that the Group considers appropriate. Declaration and payment of any dividends would require the recommendation of the Board and will be at their discretion. In addition, any final dividend for a financial year will be subject to Shareholders' approval. A decision to declare or to pay any dividend in the future, and the amount of any dividends, depends on a number of factors, including results of operations, financial condition, the payment by the Group's subsidiaries of cash dividends to the Company; and other factors the Board may deem relevant.

For the years ended 31 March 2012 and 2013, a member of the Group declared and settled dividends of approximately HK$26.7 million and HK$5.0 million respectively. There will be no assurance that the Company will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. The dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Board in the future.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Credit risk

The carrying amount of the pledged bank deposits, bank and cash balances, trade and other receivables, and amounts due from related parties included in the combined statements of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that services are provided to customers with an appropriate credit history. Amounts due from related parties are closely monitored by the Directors.

The credit risk on pledged bank deposits and bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has certain concentration of credit risk, as the Group's five largest debtors accounted for 13.6% and 11.1% of trade receivables as at 31 March 2012 and 2013 respectively.

Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The maturity analysis of the Group's financial liabilities is as follows:

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
As at 31 March 2012						
Trade and other payables	36,596,685	—	—	—	36,596,685	36,596,685
Amount due to a related party	6,186,686	—	—	—	6,186,686	6,186,686
Loans from directors	18,060,004	—	—	—	18,060,004	18,060,004
Bank borrowings	10,905,449	—	—	—	10,905,449	10,905,449
Obligations under finance leases	115,812	79,566	17,892	—	213,270	190,360
	71,864,636	79,566	17,892	—	71,962,094	71,939,184

	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual undiscounted cash flow	Carrying amount
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
As at 31 March 2013						
Trade and other payables	38,021,416	—	—	—	38,021,416	38,021,416
Amount due to a director	437,235	—	—	—	437,235	437,235
Amount due to a related party	6,186,686	—	—	—	6,186,686	6,186,686
Bank borrowings	38,807,358	—	—	—	38,807,358	38,807,358
Obligations under finance leases	434,706	373,032	207,165	—	1,014,903	944,534
	83,887,401	373,032	207,165	—	84,467,598	84,397,229

Interest rate risk

The Group's exposure to interest rate risk arises from its bank overdrafts, bank borrowings and loans from directors. These deposits bear interest at variable rates varied with the then prevailing market condition. As at 31 March 2012 and 2013, it is estimated that a general increase/(decrease) of 50 basis points in interest rates, with all other variables held constant, would have (decrease)/increase the Group's profit for the year as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Increase/(decrease) in interest rates		
50 basis points	(113,027)	(194,037)
(50) basis points	113,027	194,037

Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the combined statements of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy are as follows:

As at 31 March 2012

	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Description				
Financial assets at fair value through profit or loss	—	5,402,060	—	5,402,060
Total	—	5,402,060	—	5,402,060

As at 31 March 2013

	Level 1	Level 2	Level 3	Total
	HK$	*HK$*	*HK$*	*HK$*
Description				
Financial assets at fair value through profit or loss	—	—	—	—
Total	—	—	—	—

Foreign currency risk

The Group has certain exposure to foreign currency risk as part of its assets and liabilities are denominated in US$.

The following tables detail the Group's major exposure at the end of the reporting periods to foreign currency risk arising from recognised assets or liabilities denominated in foreign currencies. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rates at the end of the reporting periods.

	As at 31 March	
	2012	2013
	HK$	*HK$*
Financial assets at fair value through profit or loss	5,402,060	—
Deposit placed for a life insurance policy	—	3,814,900
	5,402,060	3,814,900

The following table indicates the instantaneous changes in the Group's profit for the year that would have arisen if foreign exchange rates (HK$ vs USD) to which the Group has significant exposure at the end of the reporting periods had changed at those dates, assuming all other risk variables remained constant.

	As at 31 March			
	2012		2013	
	Increase in foreign exchange rates	Increase in profit for the year	Decrease in foreign exchange rates	Decrease in profit for the year
		HK$		*HK$*
HK$	0.1	540,206	(0.1)	(381,490)

Sensitivity analysis of staff cost

It is estimated that a general increase/(decrease) of 10.0 percent, 15.0 percent, 21.0 percent (being the maximum fluctuation during the Track Record Period), 25.0 percent and 30.0 percent of staff cost with all the other variables held constant, would result in increase/(decrease) in the Group's profit for the Track Record Period as follows:

	For the year ended 31 March	
	2012	2013
	HK$	*HK$*
Increase/(decrease) in staff cost		
10.0 percent	(19,700,000)	(20,084,000)
(10.0) percent	19,700,000	20,084,000
15.0 percent	(29,550,000)	(30,126,000)
(15.0) percent	29,550,000	30,126,000
21.0 percent	(41,370,000)	(42,176,000)
(21.0) percent	41,370,000	42,176,000
25.0 percent	(49,250,000)	(50,210,000)
(25.0) percent	49,250,000	50,210,000
30.0 percent	(59,100,000)	(60,252,000)
(30.0) percent	59,100,000	60,252,000

DISTRIBUTABLE RESERVES

As at 31 March 2013, the Company had no reserves available for distribution to its Shareholders.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules is set out herein to provide the investors with further information to assess the financial performance of the Group after taking into account the adjusted net tangible assets of the Group to illustrate the financial position of the Group after completion of the Placing and to illustrate the performance of the Group had the Placing been completed on 31 March 2013.

The unaudited pro forma financial information has been prepared, on the basis of the notes set out below, to illustrate how the Placing may have affected the net tangible assets attributable to equity holders of the Company had it occurred as of 31 March 2013. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

	Audited combined net tangible assets attributable to equity holders of the Company as of 31 March 2013	**Estimated net proceeds from the Placing**	**Unaudited pro forma adjusted combined net tangible assets**	**Unaudited pro forma adjusted combined net tangible assets per Share**
	(Note 1)	*(Note 2)*		*(Note 3)*
	HK$	*HK$*	*HK$*	
Based on an Placing Price of HK$0.30 per Share	20,450,791	19,100,000	39,550,791	HK$0.100
Based on an Placing Price of HK$0.50 per Share	20,450,791	38,300,000	58,750,791	HK$0.147

Notes:

(1) The audited combined net tangible assets attributable to equity holders of the Company as of 31 March 2013 is based on the audited combined net assets of HK$20,450,791 as of 31 March 2013, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(2) The adjustment to the pro forma statement of net tangible assets reflects the estimated proceeds from the Placing to be received by the Company. The estimated proceeds from the Placing is based on the Offer Price of HK$0.30 and HK$0.50 per Share and 100,000,000 Shares, net of estimated issue expenses of approximately HK$10.9 million and HK$11.7 million respectively.

(3) The number of Shares is based on a total of 400,000,000 Shares issued, adjusted as if the Placing and the Capitalisation Issue had occurred at 31 March 2013.

Disclosure relating to Rules 17.15 to 17.21 of the GEM Listing Rules

The Directors have confirmed that as at the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

MATERIAL ADVERSE CHANGE SUBSEQUENT TO 31 MARCH 2013

The Directors confirm that, save for the estimated listing expenses of approximately HK$6.2 million that has been/will be charged to the Group's profit and loss account subsequent to 31 March 2013 but prior to or upon completion of the Listing, there has been no material adverse change in the financial or trading position of the Group since 31 March 2013 (being the date to which the latest audited combined financial statements of the Group were made up) up to the date of this prospectus.

UNDERWRITER

Ample Orient Capital Limited

PRINCIPAL SUB-UNDERWRITER

CNI Securities Group Limited

UNDERWRITING ARRANGEMENTS

Underwriting Agreement

Pursuant to the Underwriting Agreement, the Company is offering the Placing Shares for subscription by way of Placing at the Placing Price, on and subject to the terms and conditions in the Underwriting Agreement and this prospectus.

Subject to, among other conditions, the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and to certain other conditions set out in the Underwriting Agreement being satisfied or waived on or before the date falling 30 days after the date of this prospectus, the Underwriter has agreed to subscribe for or procure subscribers for the Placing Shares on the terms and conditions of the Placing.

Grounds for termination

The Lead Manager (for itself and on behalf of the Underwriter) shall have the absolute right upon giving a notice in writing to the Company to terminate the Underwriting Agreement if any of the following events occurs at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date (which is expected to be on 11 October 2013):

(A) if there comes to the notice of the Lead Manager:

(i) any matter or event showing any of the warranties to be untrue, inaccurate or misleading in any material aspect when given or repeated or there has been a breach of any of the warranties or any other provision of the Underwriting Agreement by any party to the Underwriting Agreement other than the Underwriter which, in any such case, is considered, in the reasonable opinion of the Lead Manager (for itself and on behalf of the Underwriter), to be material in the context of the Placing; or

(ii) any matter which, had it arisen immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted a material omission in the reasonable opinion of the Lead Manager (for itself and on behalf of the Underwriter) in the context of the Placing; or

(iii) any statement contained in this prospectus reasonably considered to be material by the Lead Manager which is discovered to be or becomes untrue, incorrect or misleading in any respect considered in the reasonable opinion of the Lead Manager (for itself and on behalf of the Underwriter) to be material; or

(iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Company, the executive Directors and the Controlling Shareholders pursuant to the indemnities contained in the Underwriting Agreement; or

(v) any breach by any party to the Underwriting Agreement other than the Underwriter of any provision of the Underwriting Agreement which is considered in the reasonable opinion of the Lead Manager (for itself and on behalf of the Underwriter), to be material; or

(vi) any material adverse change or a prospective adverse change in the business, results of operation, financial or trading position, or prospects of the Group as a whole the effect of which is, in the reasonable opinion of the Lead Manager (for itself and on behalf of the Underwriter), so material and adverse as to make it impracticable or inadvisable to proceed with the Placing; or

(B) if there develops, occurs, exists or comes into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:

(i) any new law or regulation or any material change in existing laws or regulations or any material change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any relevant jurisdiction; or

(ii) any material adverse change (whether or not permanent) in local, national or international stock market conditions; or

(iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on GEM due to exceptional financial circumstances or otherwise; or

(iv) any material change or development involving a prospective material change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong or elsewhere; or

(v) any material adverse change in the business or in the financial or trading position of the Group or otherwise; or

(vi) any material adverse change or development (whether or not permanent), or any event or series of events resulting in any material adverse change in the financial, legal, political, economic, military, industrial, fiscal, regulatory, market (including stock market) or currency matters or condition in Hong Kong or elsewhere; or

(vii) a general moratorium on commercial banking business activities in Hong Kong or elsewhere declared by the relevant authorities; or

(viii) any event of force majeure including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, pandemic, act of terrorism, earthquakes, strike or lock-out; or

(ix) any litigation or claim of any third party being threatened or instigated against any member of the Group; or

(x) a breach of any of the warranties or of any of the other obligations imposed upon or undertakings given by the Company under the Underwriting Agreement,

which, individually or in the aggregate, in the reasonable opinion of the Lead Manager (for itself and on behalf of the Underwriter):

(a) is or will or is likely to be materially adverse to the business, financial condition or prospects of the Company and/or the Group taken as a whole; or

(b) has or will have or is likely to have a material adverse effect on the success of the Placing; or

(c) makes or will make or is likely to make it inappropriate, inadvisable or inexpedient to proceed with the Placing.

Undertakings

Each of the Controlling Shareholders undertakes to and covenants with the Company, the Sponsor, the Lead Manager and the Underwriter that it/he shall not and shall procure that the relevant registered holders shall not:

(a) at any time during the period commencing on the date by reference to which disclosure of its/his shareholding in the Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it/he is shown by this prospectus to be the beneficial owner (the "**Relevant Shares**");

(b) at any time during the period of six months commencing on the date immediately following the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder (within the meaning of the GEM Listing Rules) of the Company.

Each of the Controlling Shareholders undertakes to and covenants with the Company, the Sponsor, the Lead Manager and the Underwriter that:

(a) in the event that it/he pledges or charges any of its/his direct or indirect interest in the Relevant Shares under Rule 13.18(1) of the GEM Listing Rules or pursuant to any approval given by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules at any time during the relevant periods specified in sub-paragraphs (a) and (b) above, it/he must inform the Company and the Lead Manager (for itself and on behalf of the Underwriter) immediately thereafter, disclosing the details as specified in Rule 17.43(1) to (4) of the GEM Listing Rules; and

(b) having pledged or charged any of its/his interests in the Relevant Shares under sub-paragraph (a) above, it/he must inform the Company and the Lead Manager (for itself and on behalf of the Underwriter) immediately in the event that it/he becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of the Relevant Shares so affected.

The Company undertakes to and covenants with the Sponsor, the Lead Manager and the Underwriter that, and each of the Controlling Shareholders and the executive Directors undertakes and covenants with the Sponsor, the Lead Manager and the Underwriter to procure that, without the prior written consent of the Lead Manager (for itself and on behalf of the Underwriter), and subject always to the requirements of the Stock Exchange or save pursuant to the Placing, the Capitalisation Issue or the grant of option under the Share Option Scheme, the Company will not, within six months from the Listing Date:

(a) save as permitted under the GEM Listing Rules and the applicable laws, offer, allot or issue or agree to allot or issue any Shares or any other securities of the Company or grant or agree to grant any options, warrants or other rights carrying the rights to subscribe for, or otherwise convert into, or exchange for, any Shares or any other securities of the Company; and

(b) purchase any Shares or any other securities of the Company.

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, the Controlling Shareholders have undertaken to the Stock Exchange that they shall not and shall procure that the relevant registered holder(s) shall not:

(a) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it/he is shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the period referred to in sub-paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to sub-paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances it/he would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company.

The Controlling Shareholders have also undertaken to the Stock Exchange and the Company to comply with the following requirements:

(a) in the event that it/he pledges or charges any direct or indirect interest in the relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan under Rule 13.18(1) of the GEM Listing Rules or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date which is twelve months from the Listing Date, it/he must inform the Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

(b) having pledged or charged any interest in Shares under sub-paragraph (a) above, it/he must inform the Company immediately in the event that it/he becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

The Company will inform the Stock Exchange as soon as it has been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

Commission and expenses

The Underwriter will receive an underwriting commission of 4% of the aggregate Placing Price of all Placing Shares, out of which they will pay any sub-underwriting commission, and the Sponsor will receive a financial advisory and documentation fee in relation to the Listing and will be reimbursed for their expenses. Such commission, advisory and documentation fee and expenses, together with the GEM listing fees, legal and other professional fees, and printing and other expenses relating to the Placing and Listing, which are estimated to amount in aggregate to approximately HK$15.6 million and are to be borne by the Company.

Underwriter's interest in the Company

Save as provided for under the Underwriting Agreement, the Underwriter has no shareholding interests in any member of the Group nor has any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any Shares.

Compliance Adviser's Agreement

Under a compliance adviser's agreement dated 27 September 2013 and made between Ample Capital and the Company (the "**Compliance Adviser's Agreement**"), the Company appointed Ample Capital, and Ample Capital agreed to act as the compliance adviser to the Company for the purpose of the GEM Listing Rules for a fee from the Listing Date until the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of its financial results for the second full financial year after the Listing Date or until the Compliance Adviser's Agreement is terminated pursuant to its terms and conditions.

Sponsor's interest in the Company

Save for (i) the advisory and documentation fees to be paid to Ample Capital as the sponsor to the Placing; and (ii) the financial advisory fee to be paid to Ample Capital as the Company's compliance advisor pursuant to the requirements under Rules 6A.19 of the GEM Listing Rules, neither Ample Capital nor any of its associates has or may have, as a result of the Placing, any interest in any class of securities in the Company or any of its subsidiaries (including options or rights to subscribe for such securities).

No director or employee of Ample Capital who is involved in providing advice to the Company has or may have, as a result of the Placing, any interest in any class of securities of the Company or any of its subsidiaries (including options or rights to subscribe for such securities that may be subscribed for or purchased by any such director or employee pursuant to the Placing).

No director or employee of Ample Capital has a directorship in the Company or any of its subsidiaries.

Ample Capital is independent from the Group under Rule 6A.07 of the GEM Listing Rules.

PLACING PRICE

The Placing Price will not be more than HK$0.5 per Placing Share (and expected to be not less than HK$0.3 per Placing Share). Subscribers, when subscribing for the Shares, shall pay the Placing Price plus brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. Assuming the Placing Price of HK$0.3 or HK$0.5 per Share (being the highest and lowest prices of indicative Placing Price range respectively), investors shall pay HK$4,040.32 or HK$2,424.19 respectively for every board lot of 8,000 Shares.

The Placing Price will be fixed by an agreement expected to be entered into between the Company and the Lead Manager on the Price Determination Date which is scheduled on or about 7 October 2013 (or such later time and/or date as agreed between the Company and the Lead Manager). If the Company and the Lead Manager are unable to reach an agreement on the Placing Price by the Price Determination Date or such date as may be agreed between the Company and the Lead Manager, or the Price Determination Agreement is not signed, the Placing will not become unconditional and will lapse.

Prospective investors of the Placing Shares should be aware that the Placing Price to be determined on the Price Determination Date may be, but is currently not expected to be, lower than the indicative range of the Placing Price stated in this prospectus.

If, the Lead Manager and with the consent of the Company, considers it appropriate (for instance, if the level of interest is below the indicative Placing Price range), the indicative Placing Price range may be reduced below that stated in this prospectus at any time prior to the Price Determination Date. In such a case, the Company shall, as soon as practicable following the decision to make such reduction cause to be published on the GEM website at **www.hkgem.com** and the Company's website at **www.kongshum.com.hk** notice of the reduction of the indicative Placing Price range.

The level of indications of interests in the Placing and the basis of allocations of the Placing Shares will be announced on the GEM website and the Company's website at **www.kongshum.com.hk** at or before 9:00 a.m. on 10 October 2013.

CONDITIONS OF THE PLACING

The Placing will be conditional upon, among others:

(i) the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned herein on GEM; and

(ii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional (including the waiver of any condition(s) by the Lead Manager on behalf of the Underwriter) and not being terminated in accordance with the terms of that agreement or otherwise,

in each case, on or before the dates and times specified in the Underwriting Agreement (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than 30 October 2013, being the date which is 30 days after the date of this prospectus.

If such conditions have not been fulfilled or waived prior to the times and dates specified, the Placing will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Placing will be published by the Company on the GEM Website on the next business day following such lapse.

THE PLACING

100,000,000 Placing Shares are being offered pursuant to the Placing, representing in aggregate 25% of the enlarged issued share capital of the Company.

The Placing is fully underwritten by the Underwriter (subject to the terms and conditions of the Underwriting Agreement and subject to the Company and the Underwriter agreeing the Placing Price). Pursuant to the Placing, it is expected that the Underwriter, on behalf of the Company, will conditionally place 100,000,000 Placing Shares at the Placing Price to selected individual, professional and institutional investors in Hong Kong.

BASIS OF ALLOCATION

Allocation of the Placing Shares to selected individual, professional and institutional investors will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investors are likely to purchase further Shares or hold or sell their Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole. In particular, the Placing Shares will be allocated pursuant to Rule 11.23(8) of the GEM Listing Rules, that is not more than 50% of the Shares in public hands at the time of Listing will be owned by the three largest public Shareholders.

No allocations will be permitted to nominee companies unless the name of the ultimate beneficiary is disclosed, or with the prior written consent of the Stock Exchange. Details of the Placing will be announced in accordance with Rules 10.12(4), 16.08 and 16.16 of the GEM Listing Rules.

COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence on 11 October 2013. The Shares will be traded in board lots of 8,000 Shares each.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Stock Exchange grants the listing of and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus on GEM and the Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on GEM or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

In respect of the dealings in the Shares which may be settled through CCASS, investors should seek the advice of their stockbroker or other professional advisor for details of those settlement arrangements and how such arrangements will affect their rights and interests.

The following is the text of a report, prepared for the purpose of incorporating in this prospectus, received from the reporting accountants of the Company, World Link CPA Limited, Certified Public Accountants, Hong Kong.

World Link CPA Limited
滙領會計師事務所有限公司

5th Floor
Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

30 September 2013

The Board of Directors,
Kong Shum Union Property Management (Holding) Limited
Ample Capital Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Kong Shum Union Property Management (Holding) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the two years ended 31 March 2013 (the "Track Record Period") for inclusion in the prospectus dated 30 September 2013 issued by the Company (the "Prospectus"), in connection with the initial listing of the shares of the Company on the Growth Enterprises Market of The Stock Exchange of Hong Kong Limited (the "GEM").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 15 August 2012. Through a group reorganisation (the "Group Reorganisation") as more fully explained in the paragraph headed "Reorganisation" under the "History, Reorganisation and Corporate Structure" section of the Prospectus, the Company has since 8 August 2013 become the holding company of the Group.

The Company has direct and indirect interests in the following subsidiaries. The statutory financial statements of these subsidiaries which were prepared in accordance with the relevant accounting principles and regulations applicable to enterprises in Hong Kong and the People's Republic of China (the "PRC"), and audited during the Track Record Period by the respective statutory auditors are set out below:

Name of subsidiaries	Financial period	Auditors
Kong Shum Union Property Management Company Limited ("KSU")	Year ended 31 March 2012 Year ended 31 March 2013	World Link CPA Limited World Link CPA Limited
K-King Cleaning Services Limited ("K-King")	Year ended 31 March 2012 Year ended 31 March 2013	World Link CPA Limited World Link CPA Limited

Name of subsidiaries	Financial period	Auditors
Q&V Security Company Limited ("Q&V")	Year ended 31 March 2012 Year ended 31 March 2013	World Link CPA Limited World Link CPA Limited
River Sea Union Property Management (Shenzhen) Company Limited 江海聯合物業管理(深圳)有限公司 *(Note)*	Year ended 31 December 2011	Shenzhen Ji Si Guang Yi Certified Public Accountants (深圳集思廣益會計師事務所)

Note: River Sea Union Property Management (Shenzhen) Company Limited (江海聯合物業管理(深圳)有限公司) is a wholly owned subsidiary of Kong Shum Union (China) Limited ("KSU China"). This group was disposed on 27 March 2012 to a related party.

All the companies now comprising the Group have adopted 31 March as their financial year end date, except for River Sea Union Property Management (Shenzhen) Company Limited (江海聯合物業管理(深圳)有限公司), which adopts 31 December as its financial year end date as required by the relevant laws in the PRC.

No audited financial statements have been prepared for Kong Shum Union Property Management Group Limited ("BVI Company") which was incorporated in the British Virgin Islands where there is no statutory audit requirements.

No audited financial statements have been prepared for the Company for the period from the date of its incorporation as there are no statutory requirements in the Cayman Islands and the Company has not carried out any business since its date of incorporation other than transactions related to the Group Reorganisation.

For the purpose of this report, the directors of the Company have prepared the combined financial statements of the Group for the Track Record Period in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "HKFRS Financial Statements").

We have performed our independent audit on the HKFRS Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and have examined the HKFRS Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information has been prepared from the HKFRS Financial Statements in accordance with HKFRSs and on the basis set out in note 2 to the Financial Information. No adjustments were considered necessary for the purpose of preparing our report for inclusion in the Prospectus.

The directors of the Company are responsible for the preparation and presentation of the HKFRS Financial Statements and the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the HKFRS Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2 to the Financial Information, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 March 2012 and 2013 and of the Company as at 31 March 2013 and of the Group's results and cash flows for the Track Record Period.

A. FINANCIAL INFORMATION

Combined statements of comprehensive income

		Year ended 31 March	
		2012	**2013**
	Notes	*HK$*	*HK$*
Revenue	*9*	276,654,806	284,062,524
Cost of services		(230,199,393)	(231,763,752)
Gross profit		46,455,413	52,298,772
Other income/(expenses), net	*10*	(874,217)	273
Gain on disposal of property, plant and equipment		2,526,254	—
Gain on disposal of a subsidiary	*30*	4,631,303	—
Administrative expenses		(28,244,773)	(30,422,370)
Other operating expenses		(7,495,138)	(13,084,499)
Finance costs	*11*	(1,263,567)	(1,559,010)
Profit before taxation	*12*	15,735,275	7,233,166
Income tax expense	*13*	(1,794,251)	(1,663,718)
Profit for the year		13,941,024	5,569,448
Other comprehensive income/(expenses)			
Exchange differences on translation of foreign operation		194,253	—
Release of translation reserve to profit or loss upon disposal of a subsidiary		(1,493,266)	—
Other comprehensive expenses for the year, net of tax		(1,299,013)	—
Total comprehensive income for the year		12,642,011	5,569,448
Earnings per share — basic	*14*	0.046	0.019

Combined statements of financial position

		As at 31 March	
		2012	**2013**
	Notes	*HK$*	*HK$*
Non-current assets			
Property, plant and equipment	*16*	2,266,782	3,043,748
Investment properties	*17*	—	—
Deposit placed for a life insurance policy	*19*	—	3,814,900
Deferred tax assets	*20*	1,670,484	2,022,304
		3,937,266	8,880,952
Current assets			
Trade and other receivables	*21*	42,477,302	52,942,537
Amounts due from directors	*22(a)*	2,359,499	6,081,968
Amounts due from related parties	*22(c)*	24,408,922	15,371,221
Amount due from ultimate holding company	*22(b)*	497,778	503,716
Financial assets at fair value through profit or loss	*23*	5,402,060	—
Pledged bank deposits	*24*	5,407,083	15,666,435
Cash and bank balances	*24*	7,993,104	5,576,540
		88,545,748	96,142,417
Current liabilities			
Trade and other payables	*25*	36,596,685	38,021,416
Amount due to a director	*22(e)*	—	437,235
Amount due to a related party	*22(f)*	6,186,686	6,186,686
Loans from directors	*22(g)*	18,060,004	—
Obligations under finance leases	*26*	101,815	388,194
Income tax payable		2,092,495	175,349
Bank borrowings — secured	*27*	10,905,449	38,807,358
		73,943,134	84,016,238
Net current assets		14,602,614	12,126,179
Total assets less current liabilities		18,539,880	21,007,131
Non-current liabilities			
Obligations under finance leases	*26*	88,545	556,340
Net assets		18,451,335	20,450,791
Capital and reserves			
Issued equity	*28*	3,320,100	4,750,108
Reserves		15,131,235	15,700,683
Total equity		18,451,335	20,450,791

Statement of financial position of the Company

	Notes	As at 31 March 2013 HK$
Current assets		
Prepayment		1,440,450
		1,440,450
Current liabilities		
Amount due to a subsidiary	18	6,405,556
		6,405,556
Net current liabilities		(4,965,106)
Capital and reserves		
Issued equity	28	—
Reserves		(4,965,106)
Total equity		(4,965,106)

Combined statements of changes in equity

	Share capital	Merger reserve *(Note)*	Translation reserves	Retained profits	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*
As at 1 April 2011	2,460,100	(100)	1,299,013	27,904,413	31,663,426
Profit for the year	—	—	—	13,941,024	13,941,024
Other comprehensive expenses for the year					
Exchange translation differences	—	—	194,253	—	194,253
Reserves released on disposal of a subsidiary	—	—	(1,493,266)	—	(1,493,266)
Total comprehensive income for the year	—	—	(1,299,013)	13,941,024	12,642,011
Arising from reorganisation	—	100	—	—	100
Issue of shares of a subsidiary	860,000	—	—	—	860,000
Dividend to equity holders *(note 29)*	—	—	—	(26,714,202)	(26,714,202)
As at 31 March 2012	3,320,100	—	—	15,131,235	18,451,335
Profit for the year	—	—	—	5,569,448	5,569,448
Other comprehensive income for the year	—	—	—	—	—
Total comprehensive income for the year	—	—	—	5,569,448	5,569,448
Dividend to equity holders *(note 29)*	—	—	—	(5,000,000)	(5,000,000)
Issue of shares of the subsidiaries and the Company	1,430,008	—	—	—	1,430,008
As at 31 March 2013	4,750,108	—	—	15,700,683	20,450,791

Note: The merger reserve of the Group represents the share capital of K-King and Q&V pursuant to the Group Reorganisation.

Statement of changes in equity of the Company

	Note	**Share capital** *HK$*	**Accumulated losses** *HK$*	**Total** *HK$*
Loss and the total comprehensive expenses for the period		—	(4,965,106)	(4,965,106)
Issue of shares of the Company	*28*	—	—	—
As at 31 March 2013		—	(4,965,106)	(4,965,106)

Combined statements of cash flows

		Year ended 31 March	
		2012	**2013**
	Notes	*HK$*	*HK$*
OPERATING ACTIVITIES			
Profit before taxation		15,735,275	7,233,166
Adjustments for:			
Listing expenses		—	4,321,350
Gain on disposal of a subsidiary	*30*	(4,631,303)	—
Depreciation of property, plant and equipment	*16*	1,076,500	1,102,334
Depreciation of investment properties	*17*	128,046	—
Interest income		(19,997)	(114,447)
Premium charged on a life insurance policy	*19*	—	258,513
Interest expense		1,263,567	1,559,010
Changes in fair value of financial assets		1,335,013	—
Gain on disposal of property, plant and equipment		(2,526,254)	—
Loss on disposal of financial assets		—	123,653
Operating cash flows before movements in working capital		12,360,847	14,483,579
Movement in working capital elements:			
Increase in trade and other receivables		(6,675,610)	(8,067,728)
Increase in trade and other payables		5,424,783	1,424,731
Cash generated from operations		11,110,020	7,840,582
Interest paid		(1,263,567)	(1,559,010)
Income tax paid		(2,288,916)	(3,932,684)
Net cash generated from operating activities		7,557,537	2,348,888
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment		(902,996)	(879,300)
Increase in pledged bank deposits		(1,884,849)	(10,259,352)
Proceeds from disposal of property, plant and equipment		9,783,766	—
Payment of deposit placed for a life insurance policy		—	(3,961,680)
Interest received		19,997	2,714
Net cash outflow on disposal of a subsidiary	*30*	(152,830)	—
Net cash generated from/(used in) investing activities		6,863,088	(15,097,618)

		Year ended 31 March	
		2012	2013
	Notes	*HK$*	*HK$*
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in amount due from ultimate holding company		(8,130)	(5,938)
(Increase)/decrease in amounts due from related parties		(1,197,287)	9,037,701
Increase in amount due to a related party		6,186,686	—
Increase in amounts due from directors		(12,578,196)	(6,222,469)
Decrease in amount due to a director		—	(2,062,765)
New bank loans raised		—	30,302,800
Repayments of bank loans		(600,000)	(6,507,344)
Proceeds from issue of shares		860,000	1,430,008
Loans from/(repayment of loans to) directors		2,490,000	(18,060,004)
Repayments of finance leases		(78,529)	(245,826)
Payment of listing expenses		—	(1,440,450)
Net cash (used in)/generated from financing activities		(4,925,456)	6,225,713
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		9,495,169	(6,523,017)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(5,567,682)	3,887,655
Effect of foreign exchange rate changes		(39,832)	—
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		3,887,655	(2,635,362)
ANALYSIS OF CASH AND CASH EQUIVALENTS CONSIST OF			
Cash and bank balances	*24*	7,993,104	5,576,540
Bank overdrafts	*27*	(4,105,449)	(8,211,902)
		3,887,655	(2,635,362)

B. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1–1111, Cayman Islands and the address of the principal place of business is Unit L, 1/F., Kaiser Estate, Phase 2, No. 51 Man Yue Street, Hunghom, Kowloon, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are provision of property management services.

The Financial Information is presented in Hong Kong dollars ("HK$"), which is the functional currency of the Company and the Group's major operating subsidiaries.

The principle activities of the Company's subsidiaries are set out below.

At the date of this report, the Group had direct and indirect interests in the following subsidiaries:

Name	Place of incorporation	Issued and fully paid/ paid in capital	Principal activities	Effective interest in equity hold
Kong Shum Union Property Management Group Limited	British Virgin Islands	1 share of US$l.00 each	Investment holding	100% direct
Kong Shum Union Property Management Company Limited	Hong Kong	265,000 ordinary shares of HK$10.00 each	Property management services	100% indirect
K-King Cleaning Services Limited	Hong Kong	100 ordinary shares of HK$1.00 each	Provision of cleaning services	100% indirect
Q&V Security Company Limited	Hong Kong	2,100,000 ordinary shares of HK$1.00 each	Provision of security services	100% indirect

2. GROUP REORGANISATION AND BASIS OF PRESENTATION OF FINANCIAL INFORMATION

In preparation for the listing of the Company's shares on the GEM, the Company underwent the Group Reorganisation which includes the following steps:

(a) On 27 March 2012, KSU transferred 100,000 shares of KSU China to Super Potent Limited, representing the entire issued share capital of KSU China at the consideration of HK$1.00;

(b) On 15 August 2012, the Company was incorporated in the Cayman Islands as an exempted company. One share of the Company was allotted and issued fully paid to Codan Trust Company (Cayman) Limited which was transferred to Topgrow Holdings Limited ("Topgrow") on the same date;

(c) On 10 October 2012, the BVI Company was incorporated in the BVI. One share of the BVI Company was allotted and issued and fully paid or credited as fully paid to Topgrow on the same date;

(d) On 8 August 2013, BVI Company acquired the entire issued share capital of KSU from Topgrow in consideration of the allotment and issue of a total of 10 ordinary shares of BVI Company of US$1.00 each, all credited as fully paid up, to Topgrow;

(e) On 8 August 2013, BVI Company acquired the entire issued share capital of Q&V from Fortune Trend in consideration of the allotment and issue of a total of 10 ordinary shares of Topgrow of US$1.00 each, all credited as fully paid up, as to 5 ordinary shares of Topgrow to Mr. Ho Ying Choi and 5 ordinary shares of Topgrow to Mr. Ho Ying Cheung;

(f) On 8 August 2013, BVI Company acquired the entire issued share capital of K-King from Fortune Trend in consideration of the allotment and issue of a total of 10 ordinary shares of Topgrow of US$1.00 each, all credited as fully paid up, as to 5 ordinary shares of Topgrow to Mr. Ho Ying Choi and 5 ordinary shares of Topgrow to Mr. Ho Ying Cheung;

(g) On 8 August 2013, Mr. Ho Ying Cheung transferred 2 ordinary shares of Topgrow to Mr. Ho Ying Choi at the consideration of US$1.00;

(h) On 8 August 2013, the Company acquired the entire issued share capital of BVI Company from Topgrow in consideration of the allotment and issue of a total of 1 share, credited as fully paid up, to Topgrow;

(i) On 19 September 2013, every one share of the Company of HK$0.10 was subdivided into ten shares of HK$0.01 each which resulted in the Company having an authorised share capital of HK$380,000 divided into 38,000,000 shares and an issued share capital of HK$0.2 divided into 20 shares held by Topgrow; and

(j) On 19 September 2013, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares.

The Financial Information is prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

The combined statements of comprehensive income and combined statements of cash flows for the Track Record Period include the results and cash flows of the companies now comprising the Group pursuant to the Group Reorganisation as if the Group structure upon completion of the Group Re-organisation had been in existence throughout the Track Record Period or since their respective dates of incorporation or establishment where this is a shorter period.

The combined statements of financial position of the Group as at 31 March 2012 and 31 March 2013 have been prepared in accordance with the principles of merger accounting to present the assets and liabilities of the companies now comprising the Group as if the Group structure upon completion of the Group Re-organisation had been in existence as at those dates.

On 8 August, pursuant to the Group Reorganisation, the Company became the holding company of the Group as the entire interest of the Group's subsidiaries were transferred to the Company by way of swap of shares. There was no adjustment made to the net assets nor the net profit or loss of any companies now comprising the Group in order to achieve consistency of the Group's accounting policies. During the Track Record Period, the companies now comprising the Group were under the common control by the same group of ultimate equity shareholders, Mr. Ho Ying Choi and Mr. Ho Ying Cheung (together the "Controlling Shareholders") of the Company.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Track Record Period, the Group has consistently applied HKFRSs (which include all Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("HKASs") and Interpretation) which are effective for accounting period beginning on 1 April 2012 throughout the Track Record Period.

The Group has not early adopted the following new and revised HKFRSs that have been issued but are not yet effective.

HKAS 19 (2011)	Employees Benefits [2]
HKAS 27 (2011)	Separate Financial Statements [2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [2]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 11	Joint Arrangements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine [2]
HK(IFRIC)-Int 21	Levies [3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income [1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities [3]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets [3]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting [3]
Amendments to HKFRS 1	Government Loans [2]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities [2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures [4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009–2011 cycle [2]
Amendments to HKFRS10, 12 and HKAS 27	Investment Entities[3]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below which conform with HKFRSs. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of combination

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Track Record Period (other than business combinations involving entities under common control) are included in the combined statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions and balances are eliminated in full on combination.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expenses of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Merger accounting for business combination involving entities under common control

The Financial Information incorporates the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets and liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The combined statements of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the combined financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided that it is probable that the economic benefits will flow to the Group and the revenue and the costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Property management services income

Revenue from property management services are recognised when services are rendered in accordance with the terms of the agreements. Revenue from the provision of other supporting service for the management of the property is recognised when the services are rendered.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Rental income

Rental income is accounted for on a straight-line basis over the term of the relevant lease.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	50 years or over the unexpired term of the useful life, whichever is the shorter
Leasehold improvements	20%
Furniture and fixtures	10%
Motor vehicles	25%–30%
Office equipment	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at cost less accumulated depreciation and impairment losses. Depreciation is calculated using the straight line method to write off the cost of investment properties to the residual value over their estimated useful life of 50 years. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

The gain or loss on disposal of an investment property is the difference between the net sales proceeds and the carrying amount of the property, and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the combined statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the combined statements of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing financial statements of each individual group entities, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchanges rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

The expected bonus payments are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(iii) Defined contribution retirement benefit scheme

The Group operates a defined contribution retirement benefit scheme ("MPF Scheme") under the Mandatory Provident Fund Scheme Ordinance, for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employee's basic salaries.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the combined statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the assets is realised, based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, expect when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Financial instruments

Financial assets and financial liabilities are recognised in the combined statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are loans and receivables and financial assets at fair value through profit or loss ("FVTPL").

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, deposit placed for a life insurance policy, amount due from ultimate holding company, amounts due from related parties, amounts due from directors, pledged bank deposits and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Financial assets at FVTPL

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial assets is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping provided internally on that basis; or
- it forms part a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an amount of the impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that from an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including trade and other payables, amount due to a director, amount due to a related party, loan from directors, obligations under finance leases and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

— the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

— the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

Derecognition

The Group derecognised a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers substantially all the risks and rewards of ownership of the assets to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred assets, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Related parties

For the purpose of this Financial Information, a related party is a person or an entity that is related to the Group.

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third party and the other entity is an associate of the same third party or vice versa.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on past experience, expectations of the future and other information that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Impairment of trade receivables

The Group makes impairment of trade receivables based on assessments of the recoverability of the trade receivables, including the aging analysis of the trade debts, the current creditworthiness and/or the past collection history of each debtor. Impairment arises where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debt requires the use of judgment and estimates. Where the actual result is different from the original estimate, such difference will have impact on the carrying value of the trade receivables and doubtful debt expenses in the reporting period in which such estimate has been changed.

Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment based on the historical experience of the actual useful lives of assets of similar nature and functions. The Group will revise the depreciation charge where useful lives are different to those previously estimated, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

Income taxes

The Group is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Impairment of assets

In determining whether an asset is impaired or whether the event previously causing the impairment no longer exists, the Group has to exercise judgement in the area impairment, particularly in assessing: (i) whether an event has occurred that may affect the asset value, or such an event affecting the asset value has not been in existence; (ii) whether the carrying value of an asset can be supported by the net present value of future cash flows, which are estimated based upon the continued use of the asset or derecognition; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using appropriate rate. Changing the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could have a material effect on the net present value used in the impairment test.

Valuation of financial instruments

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 7 and 23 provide detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The directors believe that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

Bank balances in client accounts

Certain bank accounts were opened and held in the name of a subsidiary of the Group on behalf of some customers. Such bank accounts are regarded as client accounts held on behalf of third parties and were not recognised as assets and associated liabilities in the financial statements of the Group. In determining whether these client accounts should or should not be recognised as assets and associated liabilities in the financial statements of the Group, the directors has to consider whether the nature of these client accounts can satisfy the assets recognition guidelines as per paragraph 4.4 (a) of the "Conceptual Framework for Financial Reporting 2010" issued by the Hong Kong Institute of Certified Public Accountants as well as making reference to the legal opinion from the legal counsel of the Company in relation to these client accounts.

The directors consider the accounting treatment not to recognise these client accounts as assets and associated liabilities in the financial statements of the Group is appropriate since: (i) these client accounts were held on behalf of and beneficially belong to its customers; (ii) the Group has no control over these client accounts and no future economic benefits are expected to flow to the Group from these client accounts; and (iii) the Group does not have to bear the credit risk associated with these client accounts since all these client accounts are maintained with reputable banks in Hong Kong.

As at 31 March 2012 and 31 March 2013, the aggregate amounts of the bank balances in these client accounts were approximately HK$18.8 million and HK$22.2 million respectively.

Most of the performance bonds issued were related to customers with client accounts held on trust by the Group. The amounts of performance bonds are usually fixed as specified in the property management contracts with the respective customers while the amounts of money in client accounts are variable depends on the level of expenses of the customers.

6. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balances.

The capital structure of the Group consists of debts, which includes the amount due to a related party, advance from bank borrowings and directors, as disclosed in notes 22(e), 22(f), 27 and 31 respectively, net of bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The management of the Group reviews the capital structure periodically. The Group considers the cost of capital and risk associated with each class of capital, and will balance its overall capital structure through payment of dividends, repayment of amount due to an intermediate holding company, issuance of new shares as well as the raising of new debts.

7. FINANCIAL INSTRUMENTS

7.1 Financial instruments by category

Categories of the Group's financial instruments at the end of each reporting period

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Financial assets:		
Financial assets at fair value through profit or loss:		
Designated as such upon initial recognition	5,402,060	—
Loans and receivables		
(including cash and cash equivalents):		
Deposit placed for a life insurance policy	—	3,814,900
Trade and other receivables	42,477,302	52,942,537
Amounts due from directors	2,359,499	6,081,968
Amounts due from related parties	24,408,922	15,371,221
Amount due from ultimate holding company	497,778	503,716
Pledged bank deposits	5,407,083	15,666,435
Cash and bank balances	7,993,104	5,576,540
Financial liabilities:		
Financial liabilities at amortised cost:		
Trade and other payables	36,596,685	38,021,416
Amount due to a director	—	437,235
Amount due to a related party	6,186,686	6,186,686
Loans from directors	18,060,004	—
Bank borrowings — secured	10,905,449	38,807,358

7.2 Financial risk management and fair values

The Group's activities expose it to a variety of financial risks; foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as part of its assets and liabilities are denominated in US$.

The following tables detail the Group's major exposure at the end of the reporting periods to foreign currency risk arising from recognised assets or liabilities denominated in foreign currencies. For presentation purposes, the amounts of the exposure are shown in Hong Kong dollars, translated using the spot rates at the end of the reporting periods.

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Financial assets at fair value through profit or loss	5,402,060	—
Deposit placed for a life insurance policy	—	3,814,900
	5,402,060	3,814,900

The following table indicates the instantaneous changes in the Group's profit for the year that would have arisen if foreign exchange rates (HK$ vs. US$) to which the Group has significant exposure at the end of the reporting periods had changed at those dates, assuming all other risk variables remained constant.

	As at 31 March			
	2012		**2013**	
	Increase in foreign exchange rates	**Increase in profit for the year**	**Decrease in foreign exchange rates**	**Decrease in profit for the year**
		HK$		*HK$*
HK$	0.1	540,206	(0.1)	(381,490)

(b) Credit risk

The carrying amount of the pledged bank deposits, cash and bank balances, trade and other receivables, and amounts due from related parties included in the combined statements of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has policies in place to ensure that services are provided to customers with an appropriate credit history. Amounts due from related parties are closely monitored by the directors.

The credit risk on pledged bank deposits and cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has certain concentration of credit risk, as the Group's five largest debtors accounted for 13.6% and 11.1% of trade receivables as at 31 March 2012 and 31 March 2013 respectively.

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The maturity analysis of the Group's financial liabilities is as follows:

	On demand or less than 1 year *HK$*	Between 1 and 2 years *HK$*	Between 2 and 5 years *HK$*	Over 5 years *HK$*	Total contractual undiscounted cash flow *HK$*	Carrying amount *HK$*
As at 31 March 2012						
Trade and other payables	36,596,685	—	—	—	36,596,685	36,596,685
Amount due to a related party	6,186,686	—	—	—	6,186,686	6,186,686
Loans from directors	18,060,004	—	—	—	18,060,004	18,060,004
Bank borrowings	10,905,449	—	—	—	10,905,449	10,905,449
Obligations under finance leases	115,812	79,566	17,892	—	213,270	190,360
	71,864,636	79,566	17,892	—	71,962,094	71,939,184

	On demand or less than 1 year *HK$*	Between 1 and 2 years *HK$*	Between 2 and 5 years *HK$*	Over 5 years *HK$*	Total contractual undiscounted cash flow *HK$*	Carrying amount *HK$*
As at 31 March 2013						
Trade and other payables	38,021,416	—	—	—	38,021,416	38,021,416
Amount due to a director	437,235	—	—	—	437,235	437,235
Amount due to a related party	6,186,686	—	—	—	6,186,686	6,186,686
Bank borrowings	38,807,358	—	—	—	38,807,358	38,807,358
Obligations under finance leases	434,706	373,032	207,165	—	1,014,903	944,534
	83,887,401	373,032	207,165	—	84,467,598	84,397,229

(d) Interest rate risk

The Group's exposure to interest rate risk arises from its bank overdrafts, bank borrowings and loans from directors. These items bear interest at variable rates varied with the then prevailing market condition.

As at 31 March 2012 and 31 March 2013, it is estimated that a general increase/(decrease) of 50 basis points in interest rates, with all other variables held constant, would have (decrease)/increase the Group's profit for the year as follows:

	As at 31 March 2012 *HK$*	As at 31 March 2013 *HK$*
Increase/(decrease) in interest rates		
50 basis points	(113,027)	(194,037)
(50) basis points	113,027	194,037

(e) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the combined statements of financial position approximate their respective fair values.

The following disclosures of fair value measurements use a fair value hierarchy which has 3 levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Disclosures of level in fair value hierarchy are as follows:

As at 31 March 2012

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Description				
Financial assets at fair value through profit or loss	—	5,402,060	—	5,402,060
Total	—	5,402,060	—	5,402,060

As at 31 March 2013

	Level 1	**Level 2**	**Level 3**	**Total**
	HK$	*HK$*	*HK$*	*HK$*
Description				
Financial assets at fair value through profit or loss	—	—	—	—
Total	—	—	—	—

8. SEGMENT INFORMATION

The Group currently operates in one operating segment which is property management services. A single management team reports to the Group's chief operating decision-maker who allocates resources and assesses performance based on the combined result for the year for the entire business comprehensively. Accordingly, the Group does not present separate segment information.

An analysis of the Group's revenue from major services is set out in note 9 below. No customer accounted for 10 per cent or more of the total revenue for the year ended 31 March 2012 and 2013.

During each of the reporting periods, all revenue is derived from customers in Hong Kong and Group's non-current assets of HK$3,937,266 and HK$8,880,952 as at 31 March 2012 and 31 March 2013 respectively are located in Hong Kong.

9. REVENUE

The Group is principally engaged in the provision of property management services during the Track Record Period. An analysis of the Group's revenue recognised during the Track Record Period is as follows:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Provision of property management services	276,654,806	284,062,524

10. OTHER INCOME/(EXPENSES), NET

	Year ended 31 March	
	2012	2013
	HK$	*HK$*
Bank interest income	19,997	2,714
Fair value loss on financial assets at fair value through profit or loss	(1,335,013)	—
Gain from foreign exchange contract transactions	120,697	7,750
Interest income from deposit placed for a life insurance policy	—	111,733
Loss on disposal of financial assets	—	(123,653)
Rental income	320,102	—
Sundry income	—	1,729
	(874,217)	273

11. FINANCE COSTS

	Year ended 31 March	
	2012	2013
	HK$	*HK$*
Interest on bank borrowings wholly repayable within five years	878,497	1,166,763
Interest on loans from directors	365,679	374,285
Finance lease charges	19,391	17,962
	1,263,567	1,559,010

12. PROFIT BEFORE TAXATION

Profit before taxation as stated is arrived at after charging/(crediting) the following items:

	Year ended 31 March	
	2012	2013
	HK$	*HK$*
Staff costs including directors' emoluments *(note 15)*:		
Wages, salaries and other staff benefits	227,686,567	232,041,714
Contributions to retirement benefit scheme	8,240,693	8,483,626
	235,927,260	240,525,340
Auditors' remuneration	504,434	100,000
Depreciation of property, plant and equipment and investment properties	1,204,546	1,102,334
Operating lease rentals in respect of rented premises	1,574,841	1,677,030
Rental income on investment properties less nil direct operating expenses	(320,102)	—

13. INCOME TAX EXPENSE

Hong Kong profits tax is calculated at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit of individual companies comprising the Group for each of the Track Record Period less unutilised tax losses brought forward where applicable.

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Current tax — Hong Kong Profits Tax		
Provision for the year	2,443,313	2,048,386
Over-provision in prior years	—	(32,848)
	2,443,313	2,015,538
Deferred tax assets *(note 20)*	(649,062)	(351,820)
	1,794,251	1,663,718

A reconciliation between the Group's tax expense and accounting profit, at applicable tax rates, is set out below:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Profit before taxation	15,735,275	7,233,166
Notional tax on profit before taxation, calculated at the current tax rate of 16.5% (2012: 16.5%)	2,596,320	1,193,471
Effect of different tax rates of a subsidiary	5,117	—
Tax effect of non-deductible expenses	312,596	971,426
Tax effect of non-taxable revenue	(764,165)	(36,812)
Tax effect of temporary differences not recognised	(356,022)	(431,519)
Over-provision in prior years	—	(32,848)
Tax losses not recognised	405	—
Actual tax expense	1,794,251	1,663,718

14. EARNINGS PER SHARE — BASIC

The calculation of basic earnings per share for the Track Record Period is based on the combined profit attributable to the equity holders of the Company for the Track Record Period and on the assumption that 300,000,000 shares of the Company were in issue throughout the entire Track Record Period comprising 2 shares in issue at the date of the Prospectus and 299,999,998 shares to be issued pursuant to the capitalisation issue as detailed in the subsection headed "Reorganisation" under the section headed "History, Reorganisation and Corporate Structure" in the Prospectus.

No diluted earnings per share is presented for the Track Record Period as the Company did not have any dilutive potential ordinary shares during the Track Record Period.

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

Details of the emoluments paid or payable to each director for the Track Record Period are as follows:

For the year ended 31 March 2012

	Directors' fee	Salaries and other benefits	Contributions to retirement benefits scheme	Total
	HK$	*HK$*	*HK$*	*HK$*
Executive directors:				
Ho Ying Choi	—	600,000	—	600,000
Ho Ying Cheung	—	600,000	—	600,000
Non-executive director:				
Kam Tak Yeung *(Note)*	—	—	—	—
Independent non-executive directors: *(Note)*				
Cheung Kwong Wai	—	—	—	—
Tong Sze Chung	—	—	—	—
Wong Tsz Ho	—	—	—	—
	—	1,200,000	—	1,200,000

For the year ended 31 March 2013

	Directors' fee	Salaries and other benefits	Contributions to retirement benefits scheme	Total
	HK$	*HK$*	*HK$*	*HK$*
Executive Directors:				
Ho Ying Choi	—	600,000	57,250	657,250
Ho Ying Cheung	—	600,000	61,500	661,500
Non-executive director:				
Kam Tak Yeung *(Note)*	—	—	—	—
Independent non-executive directors: *(Note)*				
Cheung Kwong Wai	—	—	—	—
Tong Sze Chung	—	—	—	—
Wong Tsz Ho	—	—	—	—
	—	1,200,000	118,750	1,318,750

Note:

Kam Tak Yeung, Cheung Kwong Wai, Tong Sze Chung and Wong Tsz Ho were appointed as non-executive director or independent non-executive directors of the Company respectively on 19 September 2013.

(b) Five highest paid individuals' remuneration

The five highest paid individuals of the Group included two directors of the Company for the year ended 31 March 2012 and 2013, detail of whose emoluments are included in note 15(a) above. The emolument of the remaining three highest paid individuals during the Track Record Period are as follows:

	Year ended 31 March 2012	Year ended 31 March 2013
	HK$	*HK$*
Salaries and other benefits	1,557,539	1,777,533
Discretionary or performance related bonus	89,322	196,500
Contributions to retirement benefits scheme	35,000	43,500
	1,681,861	2,017,533

The emoluments of each of the above highest paid individuals in the Group for the year ended 31 March 2012 and 2013 were below HK$1,000,000.

During the Track Record Period, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived any emoluments during the Track Record Period.

16. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles	Office equipment	Total
	HK$	*HK$*	*HK$*	*HK$*	*HK$*	*HK$*
Cost						
At 1 April 2011	7,888,600	1,893,557	502,799	1,233,790	1,273,622	12,792,368
Additions	—	371,240	15,320	209,383	447,053	1,042,996
Disposals	(7,888,600)	—	—	(199,690)	—	(8,088,290)
At 31 March 2012	—	2,264,797	518,119	1,243,483	1,720,675	5,747,074
Additions	—	104,300	100,052	1,470,696	204,252	1,879,300
At 31 March 2013	—	2,369,097	618,171	2,714,179	1,924,927	7,626,374
Accumulated depreciation						
At 1 April 2011	631,088	741,953	206,813	1,042,460	612,256	3,234,570
Charge for the year	—	452,959	49,356	186,944	387,241	1,076,500
Written back on disposals	(631,088)	—	—	(199,690)	—	(830,778)
At 31 March 2012	—	1,194,912	256,169	1,029,714	999,497	3,480,292
Charge for the year	—	470,101	54,706	186,749	390,778	1,102,334
At 31 March 2013	—	1,665,013	310,875	1,216,463	1,390,275	4,582,626
Carrying amounts						
At 31 March 2013	—	704,084	307,296	1,497,716	534,652	3,043,748
At 31 March 2012	—	1,069,885	261,950	213,769	721,178	2,266,782

The carrying amounts of motor vehicles included an amount of HK$213,768 and HK$1,497,715 in respect of assets held under finance leases at 31 March 2012 and 31 March 2013 respectively.

17. INVESTMENT PROPERTIES

	As at 31 March	
	2012	2013
	HK$	*HK$*
Cost		
At beginning of year	6,872,991	—
Disposal	(7,113,689)	—
Exchange realignment	240,698	—
At end of the year	—	—
Accumulated depreciation		
At beginning of year	188,834	—
Charge for the year	128,046	—
Written back on disposal	(323,493)	—
Exchange realignment	6,613	—
At end of the year	—	—
Carrying amounts		
At end of the year	—	—

18. AMOUNT DUE TO A SUBSIDIARY — THE COMPANY

The amount due to a subsidiary is interest free, unsecured and repayable on demand. The carrying amount of the outstanding balance approximate to the fair value.

19. DEPOSIT PLACED FOR A LIFE INSURANCE POLICY

	As at 31 March	
	2012	2013
	HK$	*HK$*
Deposit placed for a life insurance policy	—	3,814,900

In June 2012, Kong Shum Union Property Management Company Limited ("KSU") entered into a life insurance policy with an insurance company to insure an Executive Director (the "Insured"). Under the policy, the beneficiary and policy holder is KSU and the total insured sum is US$1,632,000 (approximately HK$12,677,376). KSU is required to pay an upfront deposit of US$510,000 (approximately HK$3,961,680) including an expense charge at inception of the policy amounting to US$30,600 (approximately HK$237,701). KSU can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront payment of US$510,000 plus accumulated interest earned and minus the accumulated insurance charge and policy expense charge ("Cash Value"). For the maturity date of the life insurance policy, the policy provides for continuation of the policy at the Insured's age 100. A policy that is in force on the policy anniversary when the Insured is age 100 will remain in force until the death of the Insured, unless there is a full cash surrender or a loan causes the policy to lapse. The insurance charge is the cost of insurance that the insurance company charged for provision of the insurance benefits on the death of the insured and the policy expense charge is at 6% of the premium (deposit) paid. The insurance charge and the policy expense charge paid for the year ended 31 March 2013 is US$2,542.72 (approximately HK$19,752) and US$30,600 (approximately HK$237,701) respectively. In addition, if withdrawal is made between the 1st to 15th policy year, there is a specified amount of surrender charge. The surrender charge is calculated by the insurance company based on the Insured's issue age and the number of years the policy has been in force and will be deducted from the Cash Value if withdrawal is made within the 1st to 15th policy year . For illustration purpose, as indicated from the life insurance annual report of this life insurance policy as of 2 April 2013, if KSU terminate this life insurance policy on 2 April 2013, the surrender charge would be US$60,694. The insurance company will pay KSU an interest of 4.15% per annum on the outstanding Cash Value of the policy for the first year. Commencing on the 2nd year, a minimum guaranteed interest of 2.5% per annum is guaranteed by the insurance company.

As at 31 March 2013, the deposit placed for a life insurance policy was pledged to a bank to secure banking facilities granted to the Group.

The deposit placed for a life insurance policy is denominated in US$, a currency other than the functional currency of the Group.

20. DEFERRED TAX ASSETS

The following are the major deferred tax (liabilities) and assets recognised by the Group.

	Accelerated tax depreciation *HK$*	Decelerated tax depreciation *HK$*	Provision *HK$* *(Note)*	Total *HK$*
At 1 April 2011	(179,817)	130,765	1,070,474	1,021,422
Credit to profit or loss for the year — origination and reversal of temporary differences *(note 13)*	49,859	34,526	564,677	649,062
At 31 March 2012	(129,958)	165,291	1,635,151	1,670,484
Credit to profit or loss for the year — origination and reversal of temporary differences *(note 13)*	(38,731)	25,550	365,001	351,820
At 31 March 2013	(168,689)	190,841	2,000,152	2,022,304

Note: Provision represents the temporary differences of provision for certain expenses (including provision for long service payment, provision for unrealised annual leaves and provision for bonus) made in the financial statements of the Group which would only be tax deductible when these expenses are actually paid.

The following is the analysis of the deferred tax balances (after offset) for combined statements of financial position purposes:

	As at 31 March	
	2012 *HK$*	2013 *HK$*
Deferred tax assets	1,670,484	2,022,304

21. TRADE AND OTHER RECEIVABLES

	As at 31 March	
	2012 *HK$*	2013 *HK$*
Trade receivables	37,271,214	43,627,232
Deposits, prepayments and other receivables	5,206,088	9,315,305
	42,477,302	52,942,537

The carrying amounts of the trade and other receivables as at 31 March 2012 and 31 March 2013 approximated to their fair values.

Trade and other receivables was denominated in the following currency:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Hong Kong dollars	42,477,302	52,942,537

The Group does not grant any credit terms to its customers. The aging analysis of the trade receivables was as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
0–30 days	20,391,008	24,859,487
31–60 days	8,654,814	8,886,382
61–90 days	3,407,255	3,389,293
Over 90 days	4,818,137	6,492,070
	37,271,214	43,627,232

Trade receivables that are past due are not considered impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Overdue by:		
1–30 days	20,391,008	24,859,487
31–60 days	8,654,814	8,886,382
61–90 days	3,407,255	3,389,293
Over 90 days	4,818,137	6,492,070
	37,271,214	43,627,232

The breakdown of deposits, prepayments and other receivables is as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Other receivables due from customers	1,448,310	1,004,337
Other receivables due from other parties	920,505	6,158,307
Deposits	11,600	285,300
Prepayments	2,825,673	1,867,361
	5,206,088	9,315,305

22. RELATED PARTY DISCLOSURES

The amounts due from directors and related parties, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

(a) Amounts due from directors

	As at 31 March		Maximum amount outstanding during the year	
	2012	2013	2012	2013
	HK$	*HK$*	*HK$*	*HK$*
Ho Ying Cheung	—	6,081,968	1,491,498	6,081,968
Ho Ying Choi	2,359,499	—	13,816,243	2,368,099
	2,359,499	6,081,968		

The amounts are non-trade related, unsecured, interest-free and repayable on demand.

(b) Amount due from ultimate holding company

	As at 31 March	
	2012	2013
	HK$	*HK$*
Topgrow Holdings Limited	497,778	503,716

The above advance is unsecured, interest free and repayable on demand.

(c) Amounts due from related parties

	As at 31 March		Maximum amount outstanding during the year	
	2012	2013	2012	2013
	HK$	*HK$*	*HK$*	*HK$*
Fortune Trend Investment Limited[1]	6,950,347	6,816,129	6,950,347	8,290,347
Eastern Rise Properties (Holdings) Limited[2]	15,262	15,262	271,312	51,312
Huge Rise Investment Limited[2]	20,510	20,510	20,510	20,510
More Rise Investment Limited[1]	4,145,819	4,829,827	4,145,819	4,829,827
Super Potent Limited[2]	64,407	74,407	64,407	74,407
Kong Shum Union (China) Limited[3]	13,212,577	—	13,212,577	13,273,782
Ho Siu Chun[4]	—	3,615,086	5,874,385	3,615,086
	24,408,922	15,371,221		

All the balances are non-interest bearing and recoverable on demand. The balances as at 31 March 2012 and 31 March 2013 are aged over 120 days based on the invoice date. No impairment loss has been recognised throughout the Track Record Period.

Notes:

1. Fortune Trend Investment Limited and More Rise Investment Limited have common directors and common shareholders of the Group.

2. Eastern Rise Properties (Holdings) Limited, Huge Rise Investment Limited and Super Potent Limited have a common director and shareholder and were owned by a close family member of a director of the Group.

3. Kong Shum Union (China) Limited has common directors and common shareholder of the Group.

4. The younger sister of the directors, Mr. Ho Ying Cheung and Mr. Ho Ying Choi.

(d) Compensation of key management personnel

The remuneration of key management personnel during the Track Record Period was as follows:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Short-term employee benefits	1,200,000	1,318,750

The remuneration of key management personnel is determined by reference to the performance of individuals and market trend.

(e) Amount due to a director

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Ho Ying Choi	—	437,235

The amount due is non-trade related, unsecured, interest free and repayable on demand.

(f) Amount due to a related party

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
River Sea Union Property Management (Shenzhen) Company Limited (江海聯合物業管理(深圳)有限公司)	6,186,686	6,186,686

The amount due is non-trade related, unsecured, interest-free and repayable on demand.

(g) Loans from directors

The loans are non-trade related, unsecured, interest free and repayable on demand. Except for several loans of the total amount of HK$11,700,000 and HK$Nil as at 31 March 2012 and 31 March 2013 respectively are bearing interest and the interest is at the rate per annum of 6% to 8%.

(h) Related parties transactions

In addition to those related party transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Related companies		
— Rental expenses	1,539,800	1,385,000
— Disposal of subsidiary — cash consideration	1	—
Shareholders		
— Dividend paid	26,714,202	5,000,000
Directors		
— Loan interest paid	365,679	374,285
— Compensation of key management personnel	1,200,000	1,318,750

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Unlisted securities — investment funds	5,402,060	—

The carrying amounts of the above financial assets are classified as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Designated as fair value through profit or loss on initial recognition	5,402,060	—

As at 31 March 2012, the financial assets at fair value through profit or loss represented investment funds invested in unlisted equity instruments in Hong Kong, China and Russia. The fair value of the investment funds was based on the quotation from a bank.

As at 31 March 2012, the financial assets at fair value through profit or loss were pledged to a bank to secure banking facilities granted to the Group.

Changes in fair values of the financial assets were recorded in other income/(expenses), net, in the combined statements of comprehensive income.

24. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Cash on hand	188,000	187,000
Bank balances	6,552,674	5,389,540
Non-pledged fixed deposits	1,252,430	—
Cash and bank balances	7,993,104	5,576,540
Pledged deposits *(note)*	5,407,083	15,666,435

Note: Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as at 31 March 2012 and 31 March 2013.

Cash and bank balances were denominated in the following currency:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Hong Kong dollars	7,993,104	5,576,540

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The deposits are in HK$ and at the interest rate of 0.01% to 0.13% and 0.01% to 0.15% as at 31 March 2012 and 31 March 2013 respectively.

25. TRADE AND OTHER PAYABLES

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Trade payables	1,472,551	1,427,659
Building deposits received	3,247,164	3,121,921
Sundry creditors and accruals	26,590,061	28,025,198
Provision for long service payment	5,286,909	5,446,638
	36,596,685	38,021,416

The carrying amount of the trade and other payables as at 31 March 2012 and 31 March 2013 approximated to their fair values.

Trade and other payables were denominated in the following currency:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Hong Kong dollars	36,596,685	38,021,416

The aging analysis of the trade payables were as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
0–30 days	1,472,551	1,427,659
31–60 days	—	—
61–90 days	—	—
Over 90 days	—	—
	1,472,551	1,427,659

The breakdown of sundry creditors and accruals is as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Accrued staff cost and staff benefit	15,153,926	15,490,869
Accrued staff bonus and annual leave	4,623,099	6,675,505
Other accrued expenses	472,181	291,491
Other payables due to customers	2,938,768	1,306,947
Other payables due to other parties	3,402,087	4,260,386
	26,590,061	28,025,198

The movement of provision for long service payment is stated as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
At beginning of year	2,192,547	5,286,909
Provision made during the year	5,323,698	740,454
Paid in the year	(2,229,336)	(580,725)
At end of the year	5,286,909	5,446,638

26. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments As at 31 March		Present value of minimum lease payments As at 31 March	
	2012	2013	2012	2013
	HK$	*HK$*	*HK$*	*HK$*
Amount payable under finance leases:				
Within one year	115,812	434,706	101,815	388,194
In the second to fifth years inclusive	97,458	580,197	88,545	556,340
	213,270	1,014,903	190,360	944,534
Less: Future finance charge	(22,910)	(70,369)	—	—
Present value of lease obligations	190,360	944,534	190,360	944,534
Less: Amount due or settlement within 12 months shown under current liabilities			(101,815)	(388,194)
Amount due for settlement after 12 months			88,545	556,340

Certain of the Group's motor vehicles are held under finance lease (note 16). The lease terms are 3 to 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The above finance leases carry interest at the rate per annum of 5% to 5.5%.

27. BANK BORROWINGS — SECURED

	As at 31 March	
	2012	2013
	HK$	*HK$*
Bank loans, secured	6,800,000	30,595,456
Bank overdrafts, secured	4,105,449	8,211,902
	10,905,449	38,807,358

The analysis of the carrying amount of bank borrowings is as follows:

	As at 31 March	
	2012	2013
	HK$	*HK$*
Bank overdrafts	4,105,449	8,211,902
Portion of bank loans due for repayment within one year	5,600,000	18,747,029
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	1,200,000	11,848,427
	10,905,449	38,807,358

At 31 March 2012 and 31 March 2013, the Group's bank borrowings were due for repayment as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Overdrafts repayable on demand	4,105,449	8,211,902
Portion of bank loans due for repayment within one year	5,600,000	18,747,029
	9,705,449	26,958,931
Bank loans due for repayment after one year *(Note)*		
After 1 year but within 2 years	600,000	3,153,350
After 2 years but within 5 years	600,000	7,937,062
After 5 years	—	758,015
	1,200,000	11,848,427
	10,905,449	38,807,358

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The carrying amounts of bank borrowings are denominated in Hong Kong dollars.

The above bank borrowings carry interest at the rate per annum from 2.95% to 6% and 2.86% to 6.25% for the year ended 31 March 2012 and 2013.

The bank loans were secured by properties of related parties, unlimited guarantees from the directors and related parties, subordination of the loan from a director of the amount of HK$7.9 million (note 22(g)) and guarantees from Hong Kong Mortgage Corporation Limited and HKSAR Government (note 31).

28. ISSUED EQUITY

	Number of shares	**Amount**
		HK$
The Company		
Ordinary shares of HK$0.10 each		
Authorised		
On incorporation and as at 31 March 2013	3,800,000	380,000
Issued and fully paid:		
Allotted and issued on the date of incorporation and as at 31 March 2013	1	0.10
Shown in the Financial Information as at 31 March 2013		—

The Company was incorporated on 15 August 2012 in the Cayman Islands with an authorised share capital of HK$380,000 divided into 3,800,000 shares of HK$0.10 each. At the date of incorporation, one share of HK$0.10 each was allotted and issued. Details of movement of the share capital of the Company subsequent to the incorporation date are set out in the subsection headed "Changes in share capital of the Company" under the section headed "Statutory and General Information" in Appendix IV to the Prospectus.

As disclosed in note 2 of Section B, the Financial Information has been prepared under the merger accounting method in that financial statements of the companies now comprising the Group during the Track Record Period were combined as if the Group existed on 1 April 2011.

For the purpose of this report, the share capital balances as presented in the combined statements of financial position of the Group as at 31 March 2012 and 31 March 2013 represented the aggregate amounts of issued share capital of the Company, BVI company, KSU, K-King and Q&V, which was then the companies which had been incorporated as at the end of the respective reporting periods of the companies now comprising the Group.

On 10 October 2012, BVI Company was incorporated in the British Virgin Islands. At the date of incorporation, 1 share with par value of US$1.00 of BVI Company was allotted and issued to the Company.

Pursuant to the Group Reorganisation completed on 8 August 2013, the Company became the holding company of the companies now comprising the Group.

29. DIVIDEND

The dividend paid by the Company's subsidiary to its then shareholders during the Track Record Period was as follows:

	Year ended 31 March	
	2012	**2013**
	HK$	*HK$*
Dividend *(Note)*	26,714,202	5,000,000

Note: The dividend was paid by a subsidiary of the Company, Kong Shum Union Property Management Limited, to its then shareholders (note 34(b)).

30. DISPOSAL OF A SUBSIDIARY

On 27 March 2012, the Group disposed its 100% equity interest in a subsidiary, KSU China, to a related party controlled by a director of the Company for a cash consideration of HK$1.00. The net assets of KSU China at the date of disposal were as follows:

	27 March 2012 *HK$*
Analysis of assets and liabilities over which control was lost:	
Investment properties	6,790,196
Prepayment	10,113
Bank balances	152,831
Accrued expenses	(143,948)
Amounts due to directors	(2,797,709)
Amount due to holding company	(7,025,891)
Rental deposit	(88,528)
Provision for taxation	(35,100)
Net liabilities disposed of	(3,138,036)
Gain on disposal of the subsidiary:	
Consideration received	1
Add: net liabilities disposed of	3,138,036
Cumulative exchange difference	1,493,266
Gain on disposal	4,631,303
Net cash outflow on disposal:	
Consideration received	1
Bank balances and cash disposed of	(152,831)
	(152,830)

31. BANKING FACILITIES

Bank fixed deposits (note 24), deposit placed for a life insurance policy (note 19) and financial assets at fair value through profit or loss (note 23) of the Group, properties of related parties, unlimited guarantees from the directors and related parties, subordination of the loan from a director of the amount of HK$7.9 million (note 22(g)), guarantees from Hong Kong Mortgage Corporation Limited and HKSAR Government (the "Security") have been pledged to banks to secure banking facilities granted to the Group and also part of the Security have been pledged to a bank to secure banking facilities granted to related parties.

As at 31 March 2012 and 31 March 2013, the banking facilities granted to the Group are approximately HK$57.3 million and HK$81.4 million respectively.

As at 31 March 2012 and 31 March 2013, approximately HK$24.8 million and HK$54.6 million of the banking facilities have been utilised by the Group respectively.

As at 31 March 2012 and 31 March 2013, the outstanding amounts of the bank borrowings to the said related parties are approximately HK$12.2 million and HK$4.8 million respectively.

32. LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	As at 31 March	
	2012	**2013**
	HK$	*HK$*
Within one year	1,577,000	1,898,800
In the second to fifth years inclusive	—	2,666,400
More than five years	—	—
	1,577,000	4,565,200

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for term of one to two years and rentals are fixed over the lease terms and do not include contingent rentals.

33. CONTINGENT LIABILITIES

(a) Financial guarantees issued

At the end of the reporting period, the Group has issued cross guarantees to a bank in respect of the banking facilities granted to the Group and its related parties. Under the cross guarantees, the Group and its related parties are jointly and severally liable for all or any the borrowings of each of them from the bank (note 31).

At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group under the above issue. The maximum liability of the Group at the end of the report period under guarantees is the outstanding amount of the bank borrowings to the related parties at that date.

The outstanding amounts of bank borrowings to the related parties as at 31 March 2012 and 31 March 2013 are approximately HK$12.2 million and HK$4.8 million respectively.

The fair value of the cross guarantees at date of inception is not material and is not recognised in the financial statements.

(b) Performance bond and incorporated owners' fund

Performance bond has been issued by several banks as the Group keeps certain incorporated owners' funding in the form of client accounts which were held on trust for and on behalf of the customers. These client accounts were not recognised as assets and associated liabilities in the financial statements of the Group (note 5). At the end of the reporting period, the directors do not consider it probable that a claim on the performance bonds will be made against the Group.

As at 31 March 2012 and 31 March 2013, the amounts of outstanding performance bonds were approximately HK$13.9 million and HK$15.8 million respectively.

As at 31 March 2012 and 31 March 2013, the aggregate amounts of the bank balances in the client accounts mentioned above were approximately HK$18.8 million and HK$22.2 million respectively.

(c) Legal cases

In carrying out the ordinary course of its business, the Group is subject to the risk of being named as a party in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group generally include (i) claims for employees' compensation by the Group's employees; (ii) claims for personal injury caused by the negligence of the Group and owners' corporations of the properties by passers-by, residents or other users of the respective properties; (iii) claims for property damage or economic loss caused by the negligence of the Group and owners' corporations of the properties by residents or other users of the respective properties; and (iv) claims for property damage caused by the negligence of individual flat owners by other residents or users of the respective properties. The Group maintains insurance cover and, in the opinion of the directors of the Company, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2012 and 31 March 2013.

Save as disclosed herein below, as at 20 September 2013, being the latest practicable date for ascertaining information prior to printing of the Prospectus "Latest Practicable Date", no member of the Group is involved in any litigation, arbitration or claim of material importance and, so far as the directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of the Group.

(i) KSU has been named as one of the defendants in a High Court action commenced on 30 May 2012. This is a personal injury claim arising out of an accident sustained by the plaintiff. The accident happened on or about 7 July 2009 when the plaintiff was on her way home. At the time of the accident, the plaintiff was a resident of a building which was managed by KSU as the property management company appointed by the incorporated owners. While walking to the lift, the plaintiff tripped over a bundle of pipes placed on the floor of the lobby of the building. Consequently, the plaintiff lost balance, fell onto the floor and injured her knees and other parts of her body including her right hand and fingers. The plaintiff was hospitalised. As a result of the accident, the plaintiff suffered injuries to both of her knees with fracture of her left patella. As stated in the statement of damages of the plaintiff dated 18 December 2012, as a result of the accident, the plaintiff suffered from left knee pain stiffness of left knee joint and weakness of left lower limb. The insurance company for and on behalf of KSU, filed a defence with the High Court on 14 January 2013. The case has just proceeded beyond the first checklist review hearing and the stage of exchanging witness statements. A joint orthopaedic examination has been taken place on 9 July 2013 to verify the condition of the plaintiff. The amount of damages for personal injury sustained by the plaintiff will be assessed by the court and the Company is unable to assess the quantum of the case. As stated in the statement of damages of the plaintiff dated 18 December 2012, the plaintiff claimed for a total of HK$2,150,206 as compensation. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK$25,000,000. The Company's legal adviser as to legal proceedings opined that (i) the public liability insurance policy (the "**PL Policy**") covers the above accident occurred to the plaintiff; and (ii) save as the insurance company shall not be liable for the first HK$3,000, the insurance company would have to pay for the claim to the plaintiff pursuant to the PL Policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim. A checklist review hearing is scheduled to be held on 27 January, 2014.

(ii) KSU has been named as a respondent in a District Court action commenced on 24 April 2012. This is an employee compensation claim against KSU as a result of an accident arising out of and in the course of employment of the applicant. On 21 September 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant fell from the staircases. As a result of the fall, the applicant sustained spinal cord, head and right hand injuries. The first hearing was held on 28 September 2012 at the District Court of Hong Kong. The insurance company, on behalf of the KSU, has admitted its employees' compensation liability on this case. The amount of compensation will be assessed by the Court therefore the Company is unable to assess the quantum of the case. The insurance company is now in the course of liaising with the applicant's solicitor to arrange for the applicant to attend a joint medical examination. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK$200,000,000. Although the amount of damages of this case cannot be ascertained as at the Latest Practicable Date, the Company's legal adviser as to legal proceedings opined that (i) the employees' compensation insurance policy (the "**EC Policy**") covers such accident occurred to the applicant; and (ii) the insurance company would have to pay for the employees' compensation and costs of this claim to the applicant pursuant to the EC Policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim.

(iii) KSU has been named as a respondent in a District Court action commenced on 13 August 2012. This is an employees' compensation claim against KSU as a result of an accident arising out of and in the course of employment of the applicant. On 26 November 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant slipped and fell from the staircases. As a result of the fall, the applicant sustained back injury. By a direction hearing held at the District

Court of Hong Kong on 31 January 2013, it was ordered by the court that, among others, (i) a list of earnings of the applicant be filed and served by KSU; (ii) the respective list of documents be filed by the parties of the case; (iii) all witness statements be filed and served by the parties of the case; and (iv) the first hearing of 1 February 2013 be vacated.

On 17 April 2013, KSU was named as the defendant in a personal injuries action commenced in the District Court in respect of the exact same accident, initiated by the same injured employee. KSU filed its defence with the District Court on 30 May 2013, and the plaintiff filed its reply in response on 26 June 2013.

The checklist review hearing had been held on 18 September 2013. The amount of compensation will be assessed by the Court and the Company is unable to assess the quantum of the case. As stated in the statement of damages of the applicant dated 17 April 2013, the maximum amount of the claim made by the applicant is HK$870,197.35. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK$200,000,000. Although the amount of damages of this case cannot be ascertained as at the Latest Practicable Date, the Company's legal adviser as to legal proceedings opined that (i) the EC Policy covers such accident occurred to the applicant; and (ii) the insurance company would have to pay for the employees' compensation and costs of this claim to the applicant pursuant to the EC Policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim.

(iv) KSU was named as a third party on 4 May 2012 by the first and third defendant in a High Court action commenced on 24 August 2011 regarding a personal injury action. This is a personal injury claim against, among others, a scaffolding company and the incorporated owners' of the building (of which the property managed by KSU, a commercial arcade within the building, forms part), for death caused to the deceased, who was employed by the scaffolding company, in an accident that took place at a canopy of the building. The plaintiff did not claim against KSU in the main action, however, the scaffolding company (the first defendant) and the incorporated owners of the building (the third defendant) filed a third party notice against KSU on 31 May 2012. KSU filed its defence on 3 October 2012 and the date of the trial had been fixed to be held at the High Court on 15 September 2014 to 30 September 2014. The amount of damages will be assessed by the court and the Company is unable to assess the quantum of the case. As stated in the revised statement of damages of the plaintiff dated 11 September 2012, the plaintiff claims for a total of HK$3,562,688.53 (after deducting the amount of the employees' compensation in the sum of HK$861,000 which had been received by the deceased's estate). The hearing will be held on 15 September 2014 to 30 September 2014.

KSU was employed by the owners' committee of the commercial arcade to manage the interior common parts of the commercial arcade whereas the accident took place outside the area managed by KSU. It was claimed that KSU had the management and control of the commercial arcade, including the canopy and the external wall. However, KSU submitted that it had been appointed by the owners' committee of the commercial arcade to manage the interior common parts of the commercial arcade. The chairman of the owners' committee of the commercial arcade also gave evidence that the exterior walls and external parts of the building had always been managed and controlled by the incorporated owners of the building and/or its building manager. The Company's legal adviser as to the legal proceedings opined that (i) KSU will not be liable for the damages claimed by the first and third defendants unless and until (a) the first and third defendants had been held liable by the court for the plaintiff's claims in the main action; (b) such defendants' claims against KSU had been established, and it was pre-mature to determine whether the indirect claim against KSU would be substantiated or not; (ii) KSU has a good defence in the third party claims; (iii) the PL Policy does not cover the above accident occurred to the deceased since KSU did not report the accident to the insurance company within the prescribed time limit; and (iv) in the event that the court holds KSU liable to the claim, the maximum amount of potential liability of KSU would be the total amount of the claims, i.e. HK$4,423,688.53 after deducting the amounts which the scaffolding company and the incorporated owners of the building could convince the court to reduce in their defence to the plaintiff's claim in the main action plus the costs of the proceedings.

Considering that the deceased was not an employee of the Group and that the accident occurred outside the area managed by the Group, the Group did not envisage that KSU would be drawn into this case and no report was made to the Group's insurance company regarding the accident as the Group would normally do for an accident that took place in an area under the management of the Group.

(v) On 15 July 2013, KSU issued a writ to one of its customers being an owners' corporation (the "Defendant"), claiming an amount of HK$113,958 for the total sum of the fixed service charges as well as expenses incurred by KSU for the management of the property of the Defendant for the period from 1 November 2012 to 31 January 2013. The Defendant filed its defence and counterclaim on 5 September 2013. According to such defence and counterclaim, the Defendant avers that KSU is not entitled to the claim for the said sum on the ground that KSU was in breach of its duties under the management agreement entered into between KSU and the Defendant for failing to, inter alia, provide certain financial statements as well as all the relevant documents and receipts for the various expenses incurred in managing the relevant property. Further, the Defendant alleged that KSU was in breach of another agency agreement entered into between the Defendant and an advertising company. The Defendant did not state the amount of its counterclaim (the "**Counterclaim**") against KSU in its defence and counterclaim. KSU was insured against its professional liability by an insurance company and the maximum amount of compensation under the professional indemnity insurance policy (the "**Professional Indemnity Insurance Policy**") payable is HK$30,000,000 per claim. Given that (i) KSU maintained that the relevant documents, including income and expenditure statement and balance sheet and all the relevant documents and receipts for various expenses (if available), had already been provided to the Defendant; and (ii) the agency agreement was made directly between the Defendant and the said advertising company, to which KSU is not a party and has no relationship with the said advertising company, and all the advertising income paid by the advertising customers were paid by the said advertising company directly to the Defendant, not through KSU, the Company's legal adviser as to legal proceedings opined that (i) KSU had a good defence to the Counterclaim; and (ii) it is likely that KSU's liability to the Counterclaim, if any, will be covered by the Professional Indemnity Insurance Policy.

34. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

Major non-cash transaction

(a) Additions to property, plant and equipment of HK$140,000 and HK$1,000,000 for the year ended 31 March 2012 and 31 March 2013 respectively were financed by finance leases.

(b) Amounts due to directors of HK$26,714,202 and HK$5,000,000 were settled by the dividends paid by a subsidiary of the Group for the year ended 31 March 2012 and 31 March 2013 respectively.

(c) The proceeds from disposal of financial assets amounting to HK$5,278,507 for the year ended 31 March 2013, which was included as other receivables as at 31 March 2013, were settled in April 2013.

C. SUBSEQUENT EVENTS

Save as disclosed elsewhere in this report, the following significant events took place subsequent to 31 March 2013:

(a) The companies now comprising the Group underwent the Group Reorganisation in preparation for the listing of the shares of the Company on the GEM. Further details of the Group Reorganisation are set out in the paragraph headed "Reorganisation" under the "History, Reorganisation and Corporate Structure" section in the Prospectus. As a result of the Group Reorganisation, the Company became the holding company of the Group on 8 August 2013.

(b) On 19 September 2013, every one share of the Company of HK$0.10 was subdivided into ten shares of HK$0.01 each such that the Company should have an authorised share capital of HK$380,000 divided into 38,000,000 shares and an issued share capital of HK$0.2 divided into 20 shares held by Topgrow.

(c) On 19 September 2013, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 shares of HK$0.01 each.

D. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 March 2013.

Yours faithfully,
World Link CPA Limited
Certified Public Accountants
Hong Kong

Fung Tze Wa
Practising Certificate Number — P01138

For illustrative purpose only, the unaudited pro forma financial information prepared in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules is set out herein to provide the investors with further information to assess the financial performance of the Group after taking into account the adjusted net tangible assets of the Group to illustrate the financial position of the Group after completion of the Placing and to illustrate the performance of the Group had the Placing been completed on 31 March 2013.

A. UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The unaudited pro forma financial information has been prepared, on the basis of the notes set out below, to illustrate how the Placing may have affected the net tangible assets attributable to equity holders of the Company had it occurred as of 31 March 2013. It has been prepared for illustrative purpose only and, because of its nature, may not give a true picture of the financial position of the Group.

	Audited combined net tangible assets attributable to equity holders of the Company as of 31 March 2013	**Estimated net proceeds from the Placing**	**Unaudited pro forma adjusted combined net tangible assets**	**Unaudited pro forma adjusted combined net tangible assets per Share**
	(Note 1)	*(Note 2)*		*(Note 3)*
	HK$	*HK$*	*HK$*	
Based on Placing Price of HK$0.30 per Share	20,450,791	19,100,000	39,550,791	HK$0.100
Based on Placing Price of HK$0.50 per Share	20,450,791	38,300,000	58,750,791	HK$0.147

Notes:

(1) The audited combined net tangible assets attributable to equity holders of the Company as of 31 March 2013 is based on the audited combined net assets of HK$20,450,791 as of 31 March 2013, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(2) The adjustment to the pro forma statement of net tangible assets reflects the estimated proceeds from the Placing to be received by the Company. The estimated proceeds from the Placing is based on the Offer Price of HK$0.30 and HK$0.50 per Share and 100,000,000 Shares, net of estimated issue expenses of approximately HK$10.9 million and HK$11.7 million respectively.

(3) The number of Shares is based on a total of 400,000,000 Shares issued, adjusted as if the Placing and the Capitalisation Issue had occurred at 31 March 2013.

B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, World Link CPA Limited, Certified Public Accountants, Hong Kong.

World Link CPA Limited
滙領會計師事務所有限公司

5th Floor
Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

30 September 2013

The Board of Directors
Kong Shum Union Property Management (Holding) Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Kong Shum Union Property Management (Holding) Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted net tangible assets as at 31 March 2013 as set out on page II-1 of the prospectus issued by the Company. The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described on page II-1.

The unaudited pro forma financial information has been compiled by the directors to illustrate the impact of the Placing of 100,000,000 Shares of HK$0.01 each in the Company on the Group's adjusted net tangible assets as at 31 March 2013 as if the Placing had been taken place at 31 March 2013. As part of this process, information about the Group's tangible assets has been extracted by the directors from the Group's accountants' report for the two years ended 31 March 2013 as included in the prospectus of the Company, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline ("AG") 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2013 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Yours faithfully,
World Link CPA Limited
Certified Public Accountants
Hong Kong

Fung Tze Wa
Practising Certificate Number P01138

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 15 August 2012 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 19 September 2013. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his associates is materially interested, but this prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associates or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s) as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) will retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(viii) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy whatever the number of shares held by them shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Special resolution — majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice of not less than twenty-one (21) clear days and not less than ten (10) clear business days specifying the intention to propose the resolution as a special resolution, has been duly given. Provided that if permitted by the Designated Stock Exchange (as defined in the Articles), except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all Members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which notice of less than twenty-one (21) clear days and less than ten (10) clear business days has been given.

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Designated Stock Exchange (as defined in the Articles), required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions the Articles; however, subject to compliance with all applicable laws, including the rules of the Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting shall be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days and any extraordinary general meeting at which it is proposed to pass a special resolution shall (save as set out in sub-paragraph (e) above) be called by notice of at least twenty-one (21) clear days and not less than ten (10) clear business days. All other extraordinary general meetings shall be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than such as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the issued shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the Designated Stock Exchange (as defined in the Articles) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognise any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own Shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by any Designated Stock Exchange (as defined in the Articles).

(l) Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit. The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(p) Inspection of register of members

Pursuant to the Articles the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 28 August 2012.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court; voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them *(pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 15 August 2012. The Company has established a principal place of business in Hong Kong at Unit L, 1st Floor, Kaiser Estate, Phase 2, No. 51 Man Yue Street, Hunghom, Kowloon, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part XI of the Companies Ordinance on 12 October 2012. Mr. Ho Ying Choi and Mr. Ho Ying Cheung have been appointed as the authorised representatives of the Company for the acceptance of service of process and notices on behalf of the Company in Hong Kong.

As the Company was incorporated in the Cayman Islands, it operates subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of various parts of the constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

2. Changes in share capital of the Company

As at the date of incorporation of the Company, its authorised share capital was HK$380,000 divided into 3,800,000 Shares of HK$0.1 each. Following its incorporation, one Share was allotted and issued to the initial subscriber at the consideration of HK$0.1, and was transferred to Topgrow on 15 August 2012 at the consideration of HK$0.1.

On 8 August 2013, the Company acquired the entire issued share capital of BVI Company from Topgrow in consideration of the allotment and issue of one Share, credited as fully paid, to Topgrow.

On 19 September 2013, every one share of the Company of HK$0.1 was subdivided into ten shares of HK$0.01 each, which resulted in the Company having an authorised share capital of HK$380,000 divided into 38,000,000 shares and an issued share capital of HK$0.2 divided into 20 shares held by Topgrow.

Pursuant to the written resolutions of the sole Shareholder passed on 19 September 2013, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares.

Pursuant to the Capitalisation Issue, the Company will allot and issue 299,999,980 Shares to Topgrow.

Immediately following the completion of the Placing and the Capitalisation Issue, taking no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, the authorised share capital of the Company will be HK$50,000,000 divided into 5,000,000,000 Shares and the issued share capital of the Company will be HK$4,000,000 divided into 400,000,000 Shares fully paid or credited as fully paid. Save as disclosed in this prospectus, the Directors do not have any present intention to issue any part of the authorised but unissued share capital of the Company and, without prior approval of the Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of the Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of the Company since the date of its incorporation.

3. Written resolutions of the sole Shareholder

On 19 September 2013, resolutions in writing were passed by the sole Shareholder pursuant to which, among other matters:

(a) the Company approved and adopted the Articles, the terms of which are summarised in Appendix III to this prospectus;

(b) the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares;

(c) conditional on (i) the Listing Division granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (ii) the entering into of the agreement to determine the Placing Price on the Price Determination Date; and (iii) the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise:

    (i) the Placing was approved and the Directors were authorised to allot and issue the Placing Shares pursuant to the Placing; and

    (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed "Summary of terms of the Share Option Scheme" in the section headed "Share Option Scheme" of this Appendix, were approved and adopted and the Directors were authorised, among others, to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme;

(d) conditional on the share premium account of the Company being credited as a result of the Placing, the Directors were authorised to capitalise an amount of HK$2,999,999.8 out of the share premium account of the Company and to appropriate such amount as capital to pay up in full at par 299,999,980 Shares for allotment and issue to the sole Shareholder whose name appear on the register of members of the Company at close of business of 18 September 2013, and the Directors were authorised to give effect to such capitalisation and distribution;

(e) a general unconditional mandate was given to the Directors to allot, issue and deal with, otherwise than by way of (a) a rights issue; or (b) the exercise of any of the subscription rights attaching to any options granted under the Share Option Scheme; or (c) any scrip dividend schemes or similar arrangements in accordance with the Articles of Association; or (d) the Placing or the Capitalisation Issue, Shares with an aggregate nominal amount not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Placing and the Capitalisation Issue; and (bb) the nominal amount of the share capital of the Company repurchased by the Company pursuant to the authority granted to the Directors as referred in paragraph (f) below, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any laws applicable to the Company to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and

(f) a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase Shares with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Placing and the Capitalisation Issue, until the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles of Association or any laws applicable to the Company to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first.

4. Corporate reorganisation

The companies comprising the Group underwent a corporate reorganisation to rationalise the Group's structure in preparation for the listing of the Shares on GEM which involved the following:

(a) on 27 March 2012, KSU transferred 100,000 shares of Kong Shum Union (China) Limited, representing the entire issued share capital in Kong Shum Union (China) Limited, to Super Potent Limited at the consideration of HK$1.00;

(b) on 15 August 2012, the Company was incorporated in the Cayman Islands and one Share was transferred from Codan Trust Company (Cayman) Limited, being the initial subscriber, to Topgrow on the same date at the consideration of HK$0.1;

(c) on 10 October 2012, BVI Company was incorporated in BVI with an authorised share capital of US$50,000 divided into 50,000 ordinary shares of US$1.00 each, of which one share was allotted and issued to Topgrow;

(d) on 8 August 2013, Topgrow transferred 265,000 shares in KSU, representing the entire issued share capital in KSU, to BVI Company in consideration of BVI Company allotted and issued ten new shares, credited as fully paid, to Topgrow;

(e) on 8 August 2013, Fortune Trend transferred 2,100,000 shares in Q&V, representing the entire issued share capital in Q&V, to BVI Company in consideration of Topgrow allotted and issued ten new shares, credited as fully paid, as to five new shares to Mr. Ho Ying Choi and five new shares to Mr. Ho Ying Cheung;

(f) on 8 August 2013, Fortune Trend transferred 100 shares in K-King, representing the entire issued share capital in K-King, to BVI Company in consideration of Topgrow allotted and issued ten new shares, credited as fully paid, as to five new shares to Mr. Ho Ying Choi and five new shares to Mr. Ho Ying Cheung;

(g) on 8 August 2013, Mr. Ho Ying Cheung transferred two shares in Topgrow to Mr. Ho Ying Choi at the nominal consideration of US$1.00;

(h) on 8 August 2013, Topgrow transferred 11 shares in BVI Company, representing the entire issued share capital in BVI Company to the Company in consideration of the Company allotted and issued one new Share, credited as fully paid, to Topgrow;

(i) on 19 September 2013, every one share of the Company of HK$0.10 was subdivided into ten shares of HK$0.01 each which resulted in the Company having an authorised share capital of HK$380,000 divided into 38,000,000 shares and an issued share capital of HK$0.2 divided into 20 shares held by Topgrow; and

(j) on 19 September 2013, the authorised share capital of the Company was increased from HK$380,000 to HK$50,000,000 by the creation of an additional 4,962,000,000 Shares.

5. Repurchase by the Company of its own securities

This paragraph contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

(a) Provisions of the GEM Listing Rules

The GEM Listing Rules permit a company listed on GEM to repurchase its securities on GEM subject to certain restrictions, details of which are summarised below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on GEM must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Note: Pursuant to a resolution in writing passed by the sole Shareholder on 19 September 2013, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorising any repurchase by the Company of Shares on GEM or on any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of the Company immediately following completion of the Placing and the Capitalisation Issue, such mandate to expire at the conclusion of the next annual general meeting of the Company, or the date by which the next annual general meeting of the Company is required by the Articles or applicable laws to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with a company's constitutive documents and the laws of the jurisdiction in which the company is incorporated or otherwise established. A listed company may not purchase its own securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under the Cayman Islands laws, any repurchase by the Company may be made out of profits of the Company, out of the share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be repurchased must be provided for out of either or both of the profits or the share premium account of the Company or, if authorised by the Articles and subject to the Companies Law, out of capital.

(b) Reasons for repurchases

The Directors believe that it is in the best interests of the Company and the Shareholders for the Directors to have general authority from the Shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit the Company and the Shareholders.

(c) Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles and the applicable laws of the Cayman Islands.

On the basis of the current financial position of the Group as disclosed in this prospectus and taking into account the current working capital position of the Group, the Directors consider that, if the Repurchase Mandate is to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Group as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Group.

The exercise in full of the Repurchase Mandate, on the basis of 400,000,000 Shares in issue immediately after the Listing, would result in up to 40,000,000 Shares being repurchased by the Company during the period in which the Repurchase Mandate remains in force.

(d) General

None of the Directors nor, to the best of their knowledge and belief having made all reasonable enquiries, any of their associates currently intends to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

No connected person has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS

Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Group within the two years immediately preceding the date of this prospectus and are or may be material in relation to the business of the Group taken as a whole:

(a) the sale and purchase agreement dated 27 March 2012 entered into between KSU, as the vendor and Super Potent Limited, as the purchaser, pursuant to which KSU agreed to sell and Super Potent Limited agreed to acquire the entire issued share capital of KSU China at the consideration of HK$1.00;

(b) the sale and purchase agreement dated 8 August 2013 and entered into between BVI Company, as the purchaser and Topgrow, as the vendor, pursuant to which BVI Company agreed to purchase from Topgrow the entire issued share capital of KSU and in return BVI Company allotted and issued ten new shares, credited as fully paid, to Topgrow;

(c) the sale and purchase agreement dated 8 August 2013 entered into between BVI Company, as the purchaser and Fortune Trend, as the vendor, pursuant to which BVI Company agreed to purchase from Fortune Trend the entire issued share capital of Q&V and in return Topgrow allotted and issued ten new shares, credited as fully paid, as to five new shares to Mr. Ho Ying Choi and five new shares to Mr. Ho Ying Cheung;

(d) the sale and purchase agreement dated 8 August 2013 entered into between BVI Company, as the purchaser and Fortune Trend, as the vendor, pursuant to which BVI Company agreed to purchase from Fortune Trend the entire issued share capital of K-King and in return Topgrow allotted and issued ten new shares, credited as fully paid, as to five new shares to Mr. Ho Ying Choi and five new shares to Mr. Ho Ying Cheung;

(e) the sale and purchase agreement dated 8 August 2013 entered into between the Company, as the purchaser and Topgrow, as the vendor, pursuant to which the Company agreed to purchase from Topgrow the entire issued share capital of BVI Company and in return the Company allotted and issued one new Share, credited as fully paid, to Topgrow;

(f) the deed of non-competition dated 19 September 2013 entered into by the Controlling Shareholders in favour of the Company (for itself and as trustee for each of its present subsidiaries), details of which are set out in the paragraph headed "Deed of Non-Competition" under the section headed "Substantial, Controlling and Significant Shareholders" of this prospectus;

(g) the deed of indemnity dated 19 September 2013 entered into by the Controlling Shareholders in favour of the Company (for itself and as trustee for each of its present subsidiaries) whereby the indemnifier(s) agreed to give certain indemnities in relation to tax and other matters including indemnities set out in the paragraph headed "Tax and other indemnities" in the section headed "Other information" of this Appendix; and

(h) the Underwriting Agreement, the principal terms of which are summarised in the paragraph headed "Underwriting arrangements" under the section headed "Underwriting" of this prospectus.

C. INTELLECTUAL PROPERTY RIGHTS OF THE GROUP

(a) Trade marks

As at the Latest Practicable Date, the Group had the following registered trade marks:

Trademark	Place of registration	Class	Registration no.	Date of registration
港深聯合物業管理有限公司 KONG SHUM UNION PROPERTY MANAGEMENT CO., LTD	Hong Kong	36	301895842	21 April 2011
港深	Hong Kong	35, 36, 37, 41, 45	302191301	15 March 2012

(b) Domain name

As at the Latest Practicable Date, the Group has registered the following domain name:

Registrant	Domain Name	Expiry Date
KSU	www.kongshum.com.hk	10 July 2014

D. FURTHER INFORMATION ABOUT THE DIRECTORS, MANAGEMENT AND STAFF

1. Substantial Shareholders

So far as the Directors are aware, immediately following the completion of the Placing and the Capitalisation Issue, but taking no account of any Shares which may be taken up or acquired under the Placing, the persons (other than the Directors or chief executive of the Company) with interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who are directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group will be as follows:

Name	Capacity and nature of interests	Number of shares held or amount of registered capital contributed *(Note 1)*	Percentage of shareholding effectively held
Topgrow *(Note 2)*	Beneficial owner	300,000,000 (L)	75%
Ho Ying Cheung	Interest of a controlled corporation	300,000,000 (L)	75%
Ho Ying Choi	Interest of a controlled corporation	300,000,000 (L)	75%

Notes:

1. The letter “L” denotes a long position in the shareholder’s interest in the share capital of the relevant member of the Group.

2. The entire issued share capital of Topgrow is owned as to 60% by Ho Ying Choi and 40% by Ho Ying Cheung.

2. Interests of Directors in the share capital of the Company and its associated corporations

Immediately following completion of the Placing and the Capitalisation Issue and taking no account any shares which may fall to be allotted and issued or repurchased by the Company pursuant to the mandates as referred to in the section headed "Further information about the Company" in this Appendix, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which, once the Shares are listed, will have to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange, will be as follows:

Name	Capacity and nature of interests	Number of shares held or amount of registered capital contributed *(Note 1)*	Percentage of shareholding effectively held
Mr. Ho Ying Cheung *(Note 2)*	Interest in controlled corporation	300,000,000 (L)	75%
Mr. Ho Ying Choi *(Note 2)*	Interest in controlled corporation	300,000,000 (L)	75%

Notes:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the relevant member of the Group.

2. 300,000,000 Shares are held by Topgrow. Topgrow is owned as to 60% by Ho Ying Choi and 40% by Ho Ying Cheung.

3. Particulars of Directors' services contracts and Directors' remuneration

Particulars of services contracts

Each of the executive Directors has entered into a service contract with the Company which has become effective on 1 September 2013. The terms and conditions of each of such services contracts are similar in all material respects. The services contracts are initially for a fixed term of three years commencing from 1 September 2013 and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other. Each of the executive Directors is entitled to a basic salary set out below (subject to an annual increment at the discretion of the Directors) and a discretionary bonus. An executive Director is required to abstain from voting and is not counted in the quorum in respect of any resolution of the Directors regarding the amount of the monthly salary and the discretionary bonus payable to him. The current basic annual salaries of the executive Directors are as follows:

Name	Amount
Mr. Ho Ying Cheung	HK$1,920,000
Mr. Ho Ying Choi	HK$1,920,000

The executive Directors are entitled to a bonus in respect of each financial year of the Company in an amount to be determined by the Board in its absolute discretion.

Each of the non-executive Director and the independent non-executive Directors has entered into a letter of appointment with the Company. The terms and conditions of each of such letters of appointment are similar in all material respects. Each of the non-executive Director and the independent non-executive Directors are appointed with an initial term of three years commencing from the Listing Date subject to termination in certain circumstances as stipulated in the relevant letters of appointment. The annual remuneration payable to the non-executive Director and the independent non-executive Directors under each of the letters of appointment are as follows:

Name	Amount
Mr. Kam Tak Yeung	HK$120,000
Mr. Cheung Kwok Wai	HK$120,000
Mr. Tong Sze Chung	HK$144,000
Mr. Wong Tsz Ho	HK$120,000

Save as disclosed above, none of the Directors has or is proposed to have any services contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

Remuneration of the Directors

The aggregate remuneration paid by the Company to the Directors in respect of each of the two financial years ended 31 March 2013 were approximately HK$1.2 million and HK$1.3 million respectively.

Pursuant to the current arrangements, it is estimated that an aggregate amount of approximately HK$3.0 million (excluding discretionary bonus, if any) will be paid to the Directors as remuneration for the year ending 31 March 2014.

The Company's policy concerning the remuneration of the Directors is that the amount of remuneration is determined by reference to the relevant Director's experience, workload and the time devoted to the Group.

4. Agency fees or commissions

Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries.

5. Related party transaction

Details of the related party transactions are set out under note 22 to the accountants' report set out in Appendix I to this prospectus.

6. Disclaimers

Save as disclosed in this prospectus:

(a) and taking no account of any Shares which may be taken up or acquired under the Placing, the Directors are not aware of any person who will, immediately following the completion of the Placing and the Capitalisation Issue, have an interest or short position in the Shares or underlying shares of the Company which will have to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the nominal value or any class of share capital carrying rights to vote in all circumstances at general meetings of the Company;

(b) none of the Directors or chief executive of the Company will have an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which will have to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange;

(c) none of the Directors or the experts named in the paragraph headed "Qualifications of experts" in the section headed "Other information" of this Appendix is interested in the promotion of the Company, or in any assets which have been within the two years immediately preceding the issue of this prospectus acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(d) none of the Directors or the experts named in the paragraph headed "Qualifications of experts" in the section headed "Other information" of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group taken as a whole;

(e) none of the experts named in the paragraph headed "Qualifications of experts" in the section headed "Other information" of this Appendix has any shareholding in the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(f) no remuneration or other benefits in kind have been paid by the Company to any Director since the date of incorporation of the Company, nor are any remuneration or benefits in kind payable by the Company to any Director in respect of the year ending 31 March 2014 under any arrangement in force as at the Latest Practicable Date.

E. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be part of, the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant options to any employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group (the "**Eligible Participants**") as incentive or reward for their contribution to the Group.

(b) Grant and acceptance of options

Subject to the terms of the Share Option Scheme, the Directors may, in their absolute discretion, make offer to the Eligible Participants.

An offer shall be made to an Eligible Participant in writing in such form as the Directors may from time to time determine and shall remain open for acceptance by the Eligible Participant concerned for a period of 21 days from, and inclusive of, the date upon which it is made provided that no such offer shall be open for acceptance after the 10th anniversary of the adoption date of the Share Option Scheme or the termination of the same.

An offer shall be deemed to have been accepted by an Eligible Participant concerned in respect of all Shares which are offered to such Eligible Participant when the duplicate letter comprising acceptance of the offer duly signed by the Eligible Participant, together with a non-refundable remittance in favour of the Company of HK$1.00 by way of consideration for the grant thereof is received by the Company within such time as may be specified in the offer (which shall not be later than 21 days from, and inclusive of, the date of offer).

Any offer may be accepted by an Eligible Participant in respect of less than the total number of Shares which are offered provided that it is accepted in respect of a board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof.

(c) Price of Shares

The subscription price for Shares under the Share Option Scheme shall be determined at the discretion of the Directors but in any event will not be less than the highest of (a) the closing price of the Shares on the Stock Exchange as shown in the daily quotations sheet of the Stock Exchange on the offer date of the particular option, which must be a Business Day; (b) the average of the closing price of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five Business Days immediately preceding the offer date of the particular option; and (c) the nominal value of a Share on the offer date of the particular option.

(d) Maximum number of Shares

(i) Subject to (iii) below, the maximum number of Shares in respect of which options may be granted at any time under the Share Option Scheme together with options which may be granted under any other share option schemes for the time being of the Group shall not exceed such number of Shares as equals 10% of the issued share capital of the Company at the date of approval of the Share Option Scheme. On the basis of a total of 400,000,000 Shares in issue as at the Listing Date, the relevant limit will be 40,000,000 Shares which represent 10% of the issued Shares as at the Listing Date. The Company may seek approval by its shareholders in general meeting to refresh the 10% limit provided that the total number of Shares available for issue under options which may be granted under the Share Option Scheme and any other schemes of the Group in these circumstances must not exceed 10% of the issued share capital of the Company at the date of approval of refreshing of the limit. Options previously granted under the Share Option Scheme and any other share option schemes of the Group (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or any other share option schemes and exercised options) will not be counted for the purpose of calculating the limit as refreshed;

(ii) The Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% Limit provided the options in excess of the limit are granted only to Eligible Participant specifically identified by the Company before such approval is sought. The Company will send a circular to the shareholders containing a generic description of the specified Eligible Participant who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to the specified Eligible Participant with an explanation as to how the terms of the options serve such purpose, and such information as may be required under the GEM Listing Rules from time to time;

(iii) The limit on the number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other share option schemes of the Group must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of the Group if this will result in the limit being exceeded; and

(iv) Unless approved by the Shareholders in the manner set out below, the total number of Shares issued and to be issued upon exercise of the options granted to each grantee (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue. Where any further grant of options to an Eligible Participant would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the Eligible Participant, the number and terms of the options to be granted (and options previously granted to such Eligible Participant), and such information as may be required under the GEM Listing Rules from time to time. The number and terms (including the subscription price) of options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price. The exercise of any option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto, the Directors shall make available sufficient of the then authorised but unissued share capital of the Company to allot the Shares on the exercise of any option.

(e) Exercise of options

An option may be exercised at any time during the period to be determined and identified by the Board to each grantee at the time of making an offer for the grant of an option, but in any event no later than 10 years from the date of grant but subject to the early termination of the Share Option Scheme.

Subject to terms of the Share Option Scheme, an option shall be exercisable in whole or in part in the circumstances by giving notice in writing to the Company stating that the option is thereby exercised and the number of Shares in respect of which it is so exercised. Each such notice must be accompanied by a non-refundable remittance for the full amount of the subscription price for Shares in respect of which the notice is given. Within 21 days after receipt of the notice and, where appropriate, receipt of the auditors' certificate, the Company shall accordingly allot and issue the relevant number of Shares to the grantee (or, in the event of an exercise of option by a personal representative, to the estate of the grantee) credited as fully paid.

Though there is no specified minimum period under the Share Option Scheme for which an option must be held or the performance target which must be achieved before an option can be exercised under the terms and conditions of the Share Option Scheme, the Directors may make such grant of options, subject to such terms and conditions in relation to the minimum period of such options to be held and/or the performance targets to be achieved as the Directors may determine in their absolute discretion.

(f) Restrictions on the time of grant of options

No option shall be granted by the Directors under the following circumstances:

(i) after any inside information has come to the Company's knowledge until such inside information has been announced pursuant to the requirements of the GEM Listing Rules; and

(ii) during the period commencing one month immediately preceding the earlier of:

(aa) the date of the meeting of the Board for the approval of the annual results, interim results or quarterly results of the Company; and

(bb) the deadline for the Company to publish its annual results, interim results or quarterly results announcement under the GEM Listing Rules,

and ending on the date of the results announcements.

(g) Rights are personal to grantees

An option shall be personal to the grantee and shall not be assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any option or enter into any agreement to do so.

(h) Rights on ceasing employment

The option period in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the date on which the grantee ceases to be an Eligible Participant by reason of a termination of his employment on any one or more of the grounds specified in paragraph (u)(iii).

(i) Rights on death

In the event of the grantee ceasing to be an Eligible Participant by reason of his death before exercising the option in full and where the grantee is an employee of the Group none of the events which would be a ground for termination of his employment under paragraph (h) above arises, his personal representative(s) may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of death, or such longer period as the Directors may determine.

(j) Cancellation of options

Where the Company cancels options and offers new options to the same option holder, the offer of such new options may only be made under the Share Option Scheme with available options (to the extent not yet granted and excluding the cancelled options) within the limit approved by the Shareholders as mentioned in paragraph (d) above.

(k) Effect of alterations to share capital

In the event of any alteration in the capital structure of the Company whilst any option remains exercisable or the Share Option Scheme remains in effect, and such event arises from a capitalisation of profits or reserves, rights issue or other offer of securities to holders of Shares (including any securities convertible into share capital or warrants or options to subscribe for any share capital of the Company, but excluding options under the Share Option Scheme and options under any other similar employee share option scheme of the Company), consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever, then, in any such case (other than in the case of capitalisation of profits or reserves) the Company shall instruct the auditors to certify in writing:

(A) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular grantee, to:

(aa) the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relates (insofar as it is/they are unexercised); and/or

(bb) the subscription price; and/or

(cc) the maximum number of Shares referred to in paragraph d(i); and/or

(dd) the method of the exercise of the option(s),

or any combination thereof, and an adjustment as so certified by the auditors shall be made, provided that:

(aa) any such adjustment must give a grantee the same proportion of the equity capital as that to which that person was previously entitled (as interpreted in accordance with the Supplementary Guidance attached to the letter from the Stock Exchange dated 5 September 2005);

(bb) any such adjustment shall be made on the basis that the aggregate subscription price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event;

(cc) no such adjustment shall be made the effect of which would be to enable a Share to be issued at less than its nominal value;

(dd) the issue of securities of the Company as consideration in a transaction shall not be regarded as a circumstance requiring any such adjustment; and (ee) to the advantage in any respect of the grantee without specific prior approval of the shareholders of the Company.

(B) in respect of any such adjustment, other than any made on a capitalisation issue, the auditors must confirm to the Directors in writing that the adjustment so made satisfies (aa) the requirements above and; (bb) the requirements of the relevant provisions of the GEM Listing Rules (as amended from time to time) and the note thereto and the Supplementary Guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issues relating to share option schemes.

(l) Rights on a general offer

If a general or partial offer is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, shareholders of the Company. If such offer becomes or is declared unconditional, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer).

(m) Rights on winding up

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date as it despatches such notice to each member of the Company give notice thereof to all grantees (containing an extract of the provisions of this paragraph) and thereupon, each grantee or his personal representative(s) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot and issue the relevant Shares to the grantee credited as fully paid.

(n) Rights on a compromise or arrangement

Other than a general or partial offer or a scheme of arrangement contemplated in paragraph (o) below, in the event of a compromise or arrangement between the Company and its members or creditors being proposed for the purpose of or in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme or arrangement and any grantee or his personal representative(s) may by notice in writing to the Company accompanied by a remittance of the full amount of the subscription price in respect of which the notice is given (such notice to be received by the Company not later than two Business Days prior to the proposed meeting) exercise the option (to the extent not already exercised) either to its full extent or to the extent specified in such notice.

(o) Rights on a scheme of arrangement

If a general or partial offer by way of scheme of arrangement is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all its reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, the Shareholders. If such scheme of arrangement is formally proposed to the Shareholders, the grantee shall, notwithstanding any other term on which his options were granted, be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company at any time thereafter and the record date for entitlements under the scheme of arrangement.

(p) Ranking of Shares

Shares to be allotted and issued upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the existing fully paid Shares in issue on the date on which the option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "**Exercise Date**") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered onto the register of members of the Company as the holder thereof.

(q) Duration and administration of the Share Option Scheme

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme until the termination date as provided therein (which being the close of business of the Company on the date which falls ten years from the date of the adoption of the Share Option Scheme), after which period no further options will be granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted or exercised prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme. The Share Option Scheme shall be subject to the administration of the Directors whose decision on all matters arising in relation to the Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein and in the absence of manifest error) be final and binding on all persons who may be affected thereby.

(r) Alterations to the terms of the Share Option Scheme

Subject to the GEM Listing Rules, the Share Option Scheme may be altered from time to time in any respect by a resolution of the Directors except that the following alterations shall require the prior sanction of an ordinary resolution of the Shareholders in general meeting (with all grantees and their associates abstaining from voting and the votes taken by poll):

(i) alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules cannot be altered to the advantage of Eligible Participant without the prior approval of the Shareholders in general meeting;

(ii) any alteration to the terms and conditions of the provisions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the Share Option Scheme; and

(iii) any change to the authority of the Directors or administrator of the Share Option Scheme in relation to any alteration to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

The amended terms of the Share Option Scheme or the options must still comply with the relevant requirements of the GEM Listing Rules and any guidance/interpretation of the GEM Listing Rules issued by the Stock Exchange from time to time.

(s) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon:

(i) the Listing Division granting the listing of, and permission to deal in, any Shares to be issued by the Company pursuant to the exercise of options in accordance with the terms and conditions of the Share Option Scheme;

(ii) commencement of dealings of Shares on GEM; and

(iii) the passing of the necessary resolution to approve and adopt the Share Option Scheme by the Shareholders in general meeting or by way of written resolution and to authorise the Directors to grant options at their absolute discretion thereunder and to allot, issue and deal with Shares pursuant to the exercise of any options granted under the Share Option Scheme.

(t) Grant of options to connected persons or any of their associates

Each grant of options to any of the Directors, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Directors (excluding the independent non-executive Director who is the proposed grantee of the option (if any)). Where any grant of options to a substantial shareholder of the Company, or any of his associates, would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million,

such further grant of options must be approved by shareholders of the Company. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. The circular must contain:

(i) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting and the date of the meeting of the Board for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options) to the independent Shareholders as to voting; and

(iii) the information as may be required under the GEM Listing Rules from time to time.

Shareholders' approval is also required for any change in the terms of options granted to an Eligible Participant who is a substantial shareholder (as defined in the GEM Listing Rules) of the Company or an independent non-executive Director, or any of their respective associates.

(u) Lapse of option

The Option Period (as defined in the Share Option Scheme) in respect of any option shall automatically terminate and that option (to the extent not already exercised) shall automatically lapse on the earliest of:

(i) the expiry of the Option Period;

(ii) the expiry of any of the periods referred to in paragraphs (h), (i), (l), (m), (n) or (o), where applicable;

(iii) the date on which the grantee of an option ceases to be an Eligible Participant by reason of the termination of his employment or engagement on grounds including, but not limited to, persistent or serious misconduct, bankruptcy, insolvency, making any arrangement or composition with his creditors generally, or conviction of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or any member of the Group into disrepute);

(iv) the date on which the Directors shall exercise the Company's right to cancel the option by reason of a breach of paragraph (g) by the grantee in respect of that or any other option; or

(v) the date of the commencement of the winding-up of the Company.

(v) Termination

The Company, by an ordinary resolution in general meeting, may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but in all other respects the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Miscellaneous

Any dispute arising in connection with the number of Shares of an option, any of the matters referred to in paragraph (k) above shall be referred to the decision of the auditors who shall act as experts and not as arbitrators and whose decision shall, in the absence of manifest error, be final, conclusive and binding on all persons who may be affected thereby.

(x) Present status of the Share Option Scheme

Application has been made to the Listing Division for the approval of the Share Option Scheme, the subsequent grant of options under the Share Option Scheme and the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme which shall represent 10% of the issued Shares on the date of Listing. As at the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

(y) Value of options

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the subscription price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of the options. The Directors believe that any calculation of the value of the options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

F. OTHER INFORMATION

1. Tax and other indemnities

Each of Mr. Ho Ying Choi, Mr. Ho Ying Cheung and Topgrow (collectively, the "**Indemnifiers**"), entered into a deed of indemnity (the "**Deed of Indemnity**") referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business" of this Appendix, under which they have given joint and several indemnities in favour of the Group in respect of, among other things, the amount of any and all taxation falling on any member of the Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or up to the Listing Date, save:

(i) to the extent that provision has been made for such taxation or claim in the audited combined financial statements of the Company for each of the two years ended 31 March 2013;

(ii) to the extent that provision has been made for such taxation in the unaudited combined statements of financial position of the Group as of 31 July 2013 and the related unaudited combined statements of comprehensive income for the four-month period then ended;

(iii) to taxation which would not have arisen but for any act or omission by any members of the Group voluntarily effected without the prior written consent or agreement of the Indemnifiers (such consent or agreement not to be unreasonably withheld or delayed), otherwise than in the ordinary course of business after the Listing Date;

(iv) to taxation for which any members of the Group is or may become primarily liable as a result of any event occurring or deemed occurring or income, profits or gains earned, accrued or received or transaction is in the ordinary course of its business after the Listing Date;

(v) to the extent that such taxation or liability is discharged by another person who is not any member of the Group; and

(vi) to the extent of any provisions or reserve made for taxation in the audited combined financial statements of the Company for each of the two years ended 31 March 2013 or the unaudited combined statements of financial position of the Group as of 31 July 2013 and the related unaudited combined statements of comprehensive income for the four-month period then ended which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied pursuant to the Deed of Indemnity to reduce the Indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Each of the Indemnifiers jointly and severally undertakes to indemnify and keep each of the members of the Group fully indemnified against any depletion in or reduction in value of their respective assets or increase in the liabilities or loss of any members of the Group, as a direct or indirect consequence of non-compliance of the applicable laws in Hong Kong in relation to (i) the renewal of or (ii) the re-appointment of the Group as the management company under the management or security contracts entered into by the Group with its customers in the ordinary course of business of the Group on or before the date on which the Placing becomes unconditional (the "**Effective Date**").

Each of the Indemnifiers jointly and severally further undertakes to indemnify and keep each of the members of the Group fully indemnified against all claims (including any taxation claims), actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any of the members of the Group directly or indirectly as a result or in consequence of any event or transaction occurring on or prior to the Effective Date to the extent that such amounts are not covered by the Company's insurance policies.

In addition, each of the Indemnifiers hereby jointly and severally covenants and agrees with each of the members of the Group to fully indemnify against all relocation costs, loss of profit and business, penalties, fines, loss, damages, liability and disruption in operation, which may be suffered by any member of the Group as a result of or in connection with:

(i) a breach of any terms of the lease agreements maintained by any members of the Group; and

(ii) the forfeiture of the tenancy under the lease agreements due to any failure to comply with the terms of the lease agreements maintained by any member of the Group.

The Directors have been advised that no material liability for estate duty is likely to fall on any member of the Group in Cayman Islands, being jurisdiction in which the Company is incorporated.

2. Litigation

Details of the ongoing litigations of the Group which are of material importance are set out in the paragraph headed "Litigation" in the section headed "Business" of this prospectus.

Save as disclosed in the paragraph headed "Litigation" in the section headed "Business" of this prospectus, as at the Latest Practicable Date, the Group is not engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

3. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Division for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme).

The Sponsor is independent of the Company pursuant to Rule 6A.07 of the GEM Listing Rules.

4. Preliminary expenses

The estimated preliminary expenses of the Company are approximately HK$52,000 and are payable by the Company.

5. Promoter

The Company has no promoter.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Ample Capital	A corporation licensed to carry on type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Conyers Dill & Pearman (Cayman) Limited ("**CDP**")	Cayman Islands attorneys-at-law
Mr. Earnest W.H. Cheung ("**Earnest Cheung**")	A barrister-at-law in Hong Kong
GA Valuation Limited ("**GA Valuation**")	Property valuers
Michael Li & Co. ("**MLC**")	Solicitors, Hong Kong SAR
World Link CPA Limited ("**World Link**")	Certified public accountants
YC Lee, Pang, Kwok & Ip ("**LPKI**")	Solicitors, Hong Kong SAR

7. Consents of experts

Each of Ample Capital, CDP, Earnest Cheung, GA Valuation, MLC, World Link and LPKI has given and has not withdrawn its/his written consent to the issue of this prospectus with the inclusion of its/his letter, report, and/or legal opinion (as the case may be) and the references to its/his name in the form and context in which they respectively appear.

8. Interests of experts in the Company

None of Ample Capital, CDP, Earnest Cheung, GA Valuation, MLC, World Link and LPKI is interested beneficially or otherwise in any Shares or shares of any member of the Group or has any right or opinion (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shares or securities in any member of the Group.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance so far as applicable.

10. Registration procedures

The register of members of the Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a branch register of members of the Company will be maintained in Hong Kong by Union Registrars Limited. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

11. Miscellaneous

(a) Save as disclosed herein:

(i) Within the two years immediately preceding the date of this prospectus:

(aa) no share or loan capital of the Company has been issued, agreed to be issued or is proposed to be issued as fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of the Company;

(cc) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and

(dd) no founder, management or deferred shares of the Company have been issued or agreed to be issued.

(b) The Directors confirm that, save for the estimated listing expenses of approximately HK$6.2 million that has been/will be charged to the Group's profit and loss accounts subsequent to 31 March 2013 but prior to or upon completion of the Listing, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2013 (being the date to which the latest audited financial statements of the Group were made up).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were the written consents referred to in the paragraph headed "Consents of experts" in the section headed "Other information" of Appendix IV to this prospectus, and copies of the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business" of Appendix IV to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Michael Li & Co. at 19th Floor, Prosperity Tower, 39 Queen's Road Central, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and the Articles;

(b) the accountants' report of the Group prepared by World Link, the text of which is set out in Appendix I to this prospectus;

(c) the letter on unaudited pro forma financial information issued by World Link, the text of which is set out in Appendix II to this prospectus;

(d) the audited financial statements of the Company for the years ended 31 March 2012 and 2013;

(e) the Counsel's opinion in relation to, among other matters, certain bank accounts opened and held in the name of certain subsidiaries of the Group on behalf of some customers;

(f) the letter prepared by CDP summarising certain aspects of the Cayman Islands company law referred to in Appendix III to this prospectus;

(g) the Companies Law;

(h) the services contracts referred to in the paragraph headed "Particulars of Directors' services contracts and Directors' remuneration" in the section headed "Further information about the Directors, management and staff" in Appendix IV to this prospectus;

(i) the rules of the Share Option Scheme referred to in the section headed "Share Option Scheme" in Appendix IV to this prospectus;

(j) the material contracts referred to in the paragraph headed "Summary of material contracts" in the section headed "Further information about the business" in Appendix IV to this prospectus; and

(k) the written consents referred to in the paragraph headed "Consents of experts" in the section headed "Other information" in Appendix IV to this prospectus.