

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Offer Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Kong Shum Union Property Management (Holding) Limited, you should at once hand this Composite Offer Document together with the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). This Composite Offer Document should be read in conjunction with the accompanying Form of Acceptance, the provisions of which form part of the terms of the Offer contained herein.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this Composite Offer Document and the accompanying Form of Acceptance, make no representation as to their 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 Composite Offer Document and the accompanying Form of Acceptance.



Wiser Capital Management Limited
(Incorporated in the Cayman Islands with limited liability)

**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)
(Stock Code: 8181)

**COMPOSITE OFFER DOCUMENT RELATING TO
MANDATORY UNCONDITIONAL CASH OFFER BY**



KINGSTON SECURITIES LTD.
FOR AND ON BEHALF OF
WISER CAPITAL MANAGEMENT LIMITED
FOR ALL THE ISSUED SHARES IN
KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
WISER CAPITAL MANAGEMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)

Financial adviser to
Wiser Capital Management Limited



KINGSTON CORPORATE FINANCE LTD.

**Financial adviser to Kong Shum Union
Property Management (Holding) Limited**



Independent Financial Adviser to the Independent Board Committee



TC Capital
天財資本

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Offer Document.

A letter from the Board is set out on pages 7 to 11 of this Composite Offer Document.

A letter from Kingston Securities containing, among other things, the terms of the Offer, is set out on pages 12 to 20 of this Composite Offer Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offer to the Independent Shareholders is set out on pages 21 to 22 of this Composite Offer Document.

A letter from the Independent Financial Adviser containing its advice on the Offer to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 44 of this Composite Offer Document.

The procedures for acceptance of the Offer and other related information are set out on pages 45 to 51 in Appendix I to this Composite Offer Document and in the accompanying Form of Acceptance. Acceptances of the Offer should be received by the Registrar by no later than Monday, 2 February 2015, or such later time and/or date as the Offeror may determine and announce, with the consent of the Executive, in accordance with the Takeovers Code.

Persons including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward this Composite Offer Document and/or, the Form of Acceptance to any jurisdiction outside Hong Kong, should read the details in this regard which are contained in the subparagraph headed "Overseas Shareholders" under the paragraph headed "The Offer" in the "Letter from Kingston Securities" on page 15 of this Composite Offer Document and in paragraph 7 of Appendix I to this Composite Offer Document before taking any action. It is the responsibility of each Overseas Shareholder wishing to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements. Overseas Shareholders are advised to seek professional advice on deciding whether to accept the Offer.

9 January 2015

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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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EXPECTED TIMETABLE

The expected timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company as and when appropriate. Unless otherwise specified, all times and dates refer to Hong Kong local time and date.

2015

Despatch date of this Composite Offer Document and the accompanying Form of Acceptance and commencement date of the Offer (<i>Note 1</i>)	Friday, 9 January
Latest time and date for acceptance of the Offer (<i>Notes 2 and 4</i>)	4:00 p.m. on Monday, 2 February
Closing Date (<i>Note 1</i>)	Monday, 2 February
Announcement of the results of the Offer to be published on the website of the Stock Exchange (<i>Note 2</i>).	no later than 7:00 p.m. on Monday, 2 February
Latest date for posting of remittances for the amount due under the Offer in respect of valid acceptances received under the Offer (<i>Notes 3 and 4</i>)	Wednesday, 11 February

Notes:

- (1) The Offer, which is unconditional in all respects, is made on the date of posting of this Composite Offer Document, and is capable of acceptance on and from that date until the Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances as set out in the section headed “Right of Withdrawal” in Appendix I to this Composite Offer Document.
- (2) In accordance with the Takeovers Code, the Offer must initially be opened for acceptance for at least 21 days following the date on which this Composite Offer Document was posted. The latest time and date for acceptance of the Offer is 4:00 p.m. on Monday, 2 February 2015. An announcement will be issued through the website of the Stock Exchange by 7:00 p.m. on Monday, 2 February 2015 stating whether the Offer have been extended, revised or expired. In the event that the Offeror decides to extend the Offer and the announcement does not specify the next closing date, at least 14 days’ notice by way of an announcement will be given before the Offer is closed to those Independent Shareholders who have not accepted the Offer.
- (3) Remittances in respect of the cash consideration (after deducting the seller’s ad valorem stamp duty) payable for the Shares tendered under the Offer will be despatched to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible but in any event within 7 Business Days after the date of receipt by the Registrar of the valid requisite documents from the Independent Shareholders accepting the Offer.
- (4) If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will remain at 4:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offer and the latest date for posting of remittances for the amounts due under the Offer in respect of valid acceptances, the latest time for acceptance of the Offer and the posting of remittances will be rescheduled to 4:00 p.m. on the following Business Day.

Save as mentioned above, if the latest time for acceptance of the Offer and the posting of remittances do not take effect on the date and time as stated above, the other dates mentioned above may be affected. The Offeror and the Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as possible.

DEFINITIONS

In this Composite Offer Document, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associates”	has the meaning ascribed to it under the GEM Listing Rules and the Takeovers Code (as appropriate)
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Closing Date”	Monday, 2 February 2015, being the closing date of the Offer which is 21 days after the date on which this Composite Offer Document is posted or any subsequent closing date(s) as may be determined and announced with the consent of the Executive
“Company”	Kong Shum Union Property Management (Holding) Limited (Stock Code: 08181), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM
“Composite Offer Document”	this composite offer and response document jointly issued by the Offeror and the Company, which sets out, among others, details of the Offer in accordance with the Takeovers Code
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“Encumbrances”	any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security, title, retention or any other security agreement or arrangement
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Form(s) of Acceptance”	the form of acceptance and transfer in respect of the Offer accompanying with this Composite Offer Document

DEFINITIONS

“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board which has been formed to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer
“Independent Financial Adviser”	TC Capital Asia Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, who has been appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer
“Independent Shareholder(s)”	holder(s) of the Shares other than the Offeror, Mr. Liu Dan and parties acting in concert with any of them
“Initial Announcement”	the announcement of the Company dated 16 October 2014 in relation to, among other things, the possible sale and purchase of the Sale Shares by Topgrow and the Offeror
“Joint Announcement”	the announcement jointly published by the Company and the Offeror dated 27 November 2014 in relation to, among other things, the Offer
“Kingston Corporate Finance”	Kingston Corporate Finance Limited, a licensed corporation under the SFO permitted to engage in type 6 (advising on corporate finance) regulated activity, being the financial adviser to the Offeror in connection with the Offer
“Kingston Securities”	Kingston Securities Limited, a licensed corporation under the SFO permitted to engage in type 1 (dealing in securities) regulated activity
“Kingston Securities Facility”	a standby facility granted by Kingston Securities to the Offeror

DEFINITIONS

“KSU”	Kong Shum Union Property Management Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Last Trading Day”	Wednesday, 19 November 2014, being the last trading day which was immediately prior to the suspension of trading in the Shares on the Stock Exchange pending the release of the Joint Announcement
“Latest Practicable Date”	6 January 2015, being the latest practicable date prior to the printing of this Composite Offer Document for ascertaining certain information contained herein
“Mr. Ho Y Cheung”	Mr. Ho Ying Cheung
“Mr. Ho Y Choi”	Mr. Ho Ying Choi
“Mr. Liu Dan”	Mr. Liu Dan, the sole shareholder, sole director and the ultimate beneficial owner of the Offeror
“Offer”	the mandatory unconditional cash offer to be made by Kingston Securities for and on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
“Offer Period”	commencing from 16 October 2014, being the date of the Initial Announcement, and ending on the date of the close of the Offer
“Offer Price”	HK\$0.6125 per Offer Share
“Offer Share(s)”	issued Share(s) in respect of which the Offer is made, being Share(s) not already owned by the Offeror, Mr. Liu Dan and parties acting in concert with any of them
“Offeror”	Wiser Capital Management Limited, a limited liability company incorporated under the laws of the Cayman Islands
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as stated in the register of members of the Company is or are outside Hong Kong
“PRC”	the People’s Republic of China excluding, for the purpose of this Composite Offer Document, Hong Kong, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“Registrar”	Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Sale Shares”	300,000,000 Shares acquired by the Offeror from Topgrow pursuant to the terms and conditions of the Share Purchase Agreement
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Purchase Agreement”	the sale and purchase agreement entered into between the Offeror and Topgrow on 20 November 2014 in respect of the acquisition by the Offeror of the Sale Shares, details of which are set out in the Joint Announcement
“Share Purchase Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms of the Share Purchase Agreement, which took place on 25 November 2014
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Topgrow”	Topgrow Holdings Limited, a company incorporated under the laws of British Virgin Island with limited liability and is owned as to 60% by Mr. Ho Y Choi and 40% by Mr. Ho Y Cheung
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)
(Stock Code: 8181)

Executive Directors:

Mr. Ho Ying Cheung (*Chairman*)
Mr. Ho Ying Choi
Mr. Shum Lok To

Non-executive Directors:

Mr. Kam Tak Yeung
Mr. Tso Ping Cheong, Brian

Independent non-executive Directors:

Mr. Cheung Kwong Wai
Mr. Tong Sze Chung
Mr. So Chung Shing
Mr. Wong Tsz Ho

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of business
in Hong Kong:*

Unit L, 1/F
Kaiser Estate, Phase 2
51 Man Yue Street
Hung Hom, Kowloon
Hong Kong

9 January 2015

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
KINGSTON SECURITIES LTD.
FOR AND ON BEHALF OF
WISER CAPITAL MANAGEMENT LIMITED
FOR ALL THE ISSUED SHARES IN
KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
WISER CAPITAL MANAGEMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

The Company and the Offeror jointly announced on 27 November 2014, among other things, that on 20 November 2014, the Offeror, Topgrow, Mr. Ho Y Cheung and Mr. Ho Y Choi entered into the Share Purchase Agreement, pursuant to which the Offeror agreed to

LETTER FROM THE BOARD

acquire, and Topgrow agreed to sell the Sale Shares at the consideration of HK\$183,750,000 (equivalent to HK\$0.6125 per Sale Share). The Sale Shares represent 75% of the existing entire issued share capital of the Company as at the date of the Share Purchase Agreement. The Share Purchase Completion took place on 25 November 2014.

Upon the Share Purchase Completion, the Offeror became the owner of 75% of the existing entire issued share capital of the Company, and accordingly, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. Kingston Securities is making the Offer on behalf of the Offeror in accordance with Rule 26.1 of the Takeovers Code.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee has been formed to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. The Independent Board Committee comprises all non-executive Directors, namely, Mr. Kam Tak Yeung, Mr. Tso Ping Cheong Brian, Mr. Cheung Kwong Wai, Mr. Tong Sze Chung, Mr. So Chung Shing and Mr. Wong Tsz Ho.

TC Capital Asia Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Offer and as to whether the Offer is or is not fair and reasonable and as to the acceptance of the Offer. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

The purpose of this Composite Offer Document is to provide you with, among other things, (i) information relating to the Group, the Offeror and the Offer; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders; and (iii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer.

THE OFFER

Principal terms of the Offer

Kingston Securities is making, on behalf of the Offeror, the Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.6125 in cash

The Offer Price of HK\$0.6125 per Offer Share is the same as the price per Sale Share paid by the Offeror to Topgrow under the Share Purchase Agreement. As stated in the “Letter from Kingston Securities”, as the Offeror, Mr. Liu Dan and parties acting in concert with any of them are interested in 300,000,000 Shares as at the Latest Practicable Date, 100,000,000 Shares are subject to the Offer and the total consideration of the Offer would be approximately HK\$61,250,000 based on the Offer Price.

LETTER FROM THE BOARD

The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances.

Further details of the Offer, including, among other things, its extension to Overseas Shareholders, information on taxation, the terms and procedures for acceptance of the Offer, are contained in the “Letter from Kingston Securities” as set out on pages 12 to 20 of this Composite Offer Document, in Appendix I to this Composite Offer Document and on the accompanying Form of Acceptance.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the GEM in 2013. The Group is a property and facility management services group principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties.

Set out below is a summary of the audited consolidated results of the Group for each of the two financial years ended 31 March 2014, and its unaudited consolidated results for the six months ended 30 September 2014, as extracted from the annual report of the Company for the year ended 31 March 2014 and interim report of the Company for the six months ended 30 September 2014, respectively:

	For the six months ended 30 September 2014	For the financial year ended 31 March	
	2014	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)	(audited)
Revenue	166,616	324,981	284,063
Profit/(loss) before tax	5,024	7,620	7,233
Profit/(loss) attributable to owners of the Company	4,036	5,028	5,569

The unaudited consolidated net assets of the Group attributable to Shareholders as at 30 September 2014 were approximately HK\$37.6 million. The audited consolidated net assets of the Group for each of the two years ended 31 March 2013 and 2014 were approximately HK\$20.5 million and HK\$53.6 million respectively.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (a) immediately before the Share Purchase Completion; and (b) immediately after the Share Purchase Completion and as at the Latest Practicable Date:

	Immediately before the		Immediately after the	
	Share Purchase		Share Purchase	
	Completion		Completion and as at the	
			Latest Practicable Date	
	<i>Number of</i>		<i>Number of</i>	
	<i>Shares</i>		<i>Shares</i>	
	<i>Approx. %</i>		<i>Approx. %</i>	
Topgrow (<i>Note</i>)	300,000,000	75.00	—	—
The Offeror, Mr. Liu Dan and parties acting in concert with it	—	—	300,000,000	75.00
Public Shareholders	<u>100,000,000</u>	<u>25.00</u>	<u>100,000,000</u>	<u>25.00</u>
Total	<u><u>400,000,000</u></u>	<u><u>100.00</u></u>	<u><u>400,000,000</u></u>	<u><u>100.00</u></u>

Note: Topgrow is owned as to 60% by Mr. Ho Y Choi and 40% by Mr. Ho Y Cheung.

INFORMATION ON THE OFFEROR

Your attention is drawn to the paragraph headed “Information on the Offeror” and the “Offeror’s intention regarding the Group” in the “Letter from Kingston Securities” as set out on pages 16 to 18 of this Composite Offer Document.

INTENTIONS OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the paragraph headed “Offeror’s intention regarding the Group” in the “Letter from Kingston Securities” as set out on page 16 to 18 of this Composite Offer Document. The Board is aware of the intentions of the Offeror in respect of the Group and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

LETTER FROM THE BOARD

In the event that after the completion of the Offer, the public float of the Company falls below 25%, the Directors and the new Director(s) to be appointed by the Board will jointly and severally undertake to the Stock Exchange that they will take appropriate steps (including but not limited to placing of existing Shares and/or allotment and issue of new Shares) to restore the minimum public float as required under the GEM Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

RECOMMENDATION

The Independent Board Committee has been established to make recommendation to the Independent Shareholders as to whether the Offer is or is not fair and reasonable and as to the acceptance of the Offer.

Your attention is drawn to (i) the “Letter from the Independent Board Committee” as set out on pages 21 to 22 of this Composite Offer Document; and (ii) the “Letter from the Independent Financial Adviser” as set out on pages 23 to 44 of this Composite Offer Document. Your attention is also drawn to the additional information contained in the appendices to this Composite Offer Document.

By order of the Board
Kong Shum Union Property Management (Holding) Limited
Ho Ying Cheung
Chairman

LETTER FROM KINGSTON SECURITIES



KINGSTON SECURITIES LTD.

Suite 2801, 28th Floor
One International Finance Centre
1 Harbour View Street, Central
Hong Kong

9 January 2015

To the Independent Shareholders

Dear Sir or Madam,

**MANDATORY UNCONDITIONAL CASH OFFER
BY KINGSTON SECURITIES LTD.
FOR AND ON BEHALF OF
WISER CAPITAL MANAGEMENT LIMITED FOR
ALL THE ISSUED SHARES IN
KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED BY
WISER CAPITAL MANAGEMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

1. INTRODUCTION

On 27 November 2014, the Offeror and the Company jointly announced that the Offeror entered into the Share Purchase Agreement dated 20 November 2014 with Topgrow, Mr. Ho Y Choi and Mr. Ho Y Cheung pursuant to which the Offeror agreed to purchase and Topgrow agreed to sell the Sale Shares, being the aggregate interest of 300,000,000 Shares held by Topgrow, representing 75% of the entire issued share capital of the Company as at the Latest Practicable Date at a consideration of HK\$0.6125 per Sale Share. The total consideration for the Sale Shares under the Share Purchase Agreement amounted to HK\$183,750,000. Share Purchase Completion took place on 25 November 2014.

The Offeror became interested in 300,000,000 Shares, representing 75% of the entire issued share capital of the Company immediately following the Share Purchase Completion and as at the Latest Practicable Date. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it).

This letter sets out, among other things, the details of the Offer, information on the Offeror and the intention of the Offeror regarding the Group. The terms and procedures for acceptance of the Offer are set out in Appendix I to this Composite Offer Document, and the accompanying Form of Acceptance. The Independent Shareholders are strongly advised to consider carefully the information contained in the “Letter from the Board”, “Letter from the Independent Board Committee” and “Letter from the Independent Financial Adviser” as set out in this Composite Offer Document.

LETTER FROM KINGSTON SECURITIES

2. MANDATORY UNCONDITIONAL CASH OFFER

As at the Latest Practicable Date, there were 400,000,000 Shares in issue and there were no outstanding options conferring the rights to the holders thereof to subscribe for any Shares and there were no outstanding warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares. As at the Latest Practicable Date, the Offeror and parties acting in concert with it were interested in a total of 300,000,000 Shares, representing 75% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it). The Offer is unconditional in all respects.

Kingston Securities is making, for and on behalf of the Offeror, the Offer in accordance with Rule 26.1 of the Takeovers Code on the following basis:

For each Offer Share HK\$0.6125 in cash

The Offer Price of HK\$0.6125 per Offer Share under the Offer is the same as the price per Sale Share paid by the Offeror to Topgrow under the Share Purchase Agreement.

Comparison of value

The Offer Price of HK\$0.6125 per Offer Share represents:

- (a) a discount of approximately 55.62% to the closing price of HK\$1.380 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 25% over the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the last Business Day immediately preceding the date of the Initial Announcement;
- (c) a discount of approximately 27.08% to the closing price of HK\$0.84 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (d) a discount of approximately 47.92%, 39.71% and 28.94% over the average of the closing prices of approximately HK\$1.176, HK\$1.016, and HK\$0.862 per Share respectively for the 10, 20 and 30 consecutive trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 551.60% over the unaudited consolidated net assets per Share of approximately HK\$0.094 as at 30 September 2014 (which is the unaudited consolidated net assets as at 30 September 2014 of approximately HK\$37,603,000 as disclosed in the interim report of the Company for the six months ended 30 September 2014 divided by the total number of Shares of 400,000,000 as at 30 September 2014).

LETTER FROM KINGSTON SECURITIES

Highest and lowest Share prices

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the period of six months preceding the commencement of the offer period on 16 October 2014 and ending on the Latest Practicable Date were HK\$1.50 per Share on 13 November 2014 and HK\$0.38 per Share on 8 May 2014 and 9 May 2014 respectively.

Value of the Offer

As at the Latest Practicable Date, there were 400,000,000 Shares in issue and there were no outstanding options under the existing share option scheme of the Company and no outstanding warrants, derivatives or convertibles which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

Immediately following the Share Purchase Completion and as at the Latest Practicable Date, the Offeror, Mr. Liu Dan and parties acting in concert with any of them are interested in a total of 300,000,000 Shares, representing 75% of the total issued Shares as at the Latest Practicable Date. Based on the total number of issued Shares of 400,000,000, and the Offer Price of HK\$0.6125 per Offer Share, the entire issued share capital of the Company is valued at HK\$245,000,000 and 100,000,000 Shares will be subject to the Offer. The Offer is therefore valued at HK\$61,250,000 in aggregate based on the Offer Price.

Confirmation of financial resources

The maximum amount of cash payable by the Offeror to the Shareholders in respect of acceptances under the Offer is HK\$61,250,000. The Offeror will finance the consideration payable under the Offer with the Kingston Securities Facility. The Shares acquired pursuant to the Sale Purchase Agreement and the Shares to be acquired under the Offer will be pledged to Kingston Securities for the said facility.

The payment of interest on, repayment of, or security for any liability (contingent or otherwise) for, such facility, will not depend on any significant extent on the business of the Group and there was no specific performance obligation of the Offeror under the Kingston Securities Facility. As at the Latest Practicable Date, Kingston Securities did not hold any Shares, convertible securities, warrants, options or derivatives of the Company.

Kingston Corporate Finance, as the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances and with all rights attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of posting of this Composite Offer Document.

Stamp duty

In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the Independent Shareholders at a rate of 0.1% of: (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror on behalf of the relevant Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Settlement of the consideration for the Offer

Settlement of the consideration for the Offer (after deducting the accepting Shareholders' share of stamp duty) will be made as soon as possible but in any event within seven Business Days following the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by the Registrar.

Overseas Shareholders

The making of the Offer or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of each Overseas Shareholder who wish to accept the Offer to satisfy themselves as to the full observance of all applicable legal and regulatory requirements of the relevant jurisdiction in connection therewith, including the obtaining of any governmental exchange control or other consents which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any acceptance by an Overseas Shareholder will be deemed to constitute a representation and warranty from such person to the Offeror, Kingston Securities, Kingston Corporate Finance and the Company that he/she has observed and is permitted under all applicable laws and regulations to receive and accept the Offer, and any revision thereof, and that, such acceptance shall be valid and binding in accordance with all applicable laws. Independent Shareholders should consult their professional adviser if in doubt.

3. INFORMATION ON THE GROUP

Details of the information on the Group are set out in the section headed "Letter from the Board" in this Composite Offer Document.

LETTER FROM KINGSTON SECURITIES

4. INFORMATION ON THE OFFEROR

The Offeror is an investment holding company and is beneficially and wholly owned by Mr. Liu Dan. The principal activity of the Offeror is investment holding and the principal assets held by the Offeror are its equity interests in the Company. Mr. Liu Dan is the sole shareholder and sole director of the Offeror. Biographical details of Mr. Liu Dan are set out in the paragraph headed “Offeror’s intention regarding the Group” below.

As at the Latest Practicable Date, the Offeror was interested in 300,000,000 Shares, which were acquired by the Offeror pursuant to the Share Purchase Agreement. Apart from the acquisition of said 300,000,000 Shares, during the six months immediately before the commencement of the Offer Period, the Offeror, Mr. Liu Dan (being its sole shareholder and director) and their respective concert parties did not deal for value in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company nor acquire any voting right of the Company.

As at the Latest Practicable Date, Mr. Liu Dan did not hold any directorships in any public or listed companies.

5. OFFEROR’S INTENTION REGARDING THE GROUP

As regards business and assets

It is the intention of the Offeror that the Group will continue its existing principal business. The Offeror does not intend to introduce any major changes to the existing operation and business of the Company or re-deploy the employees.

The Offeror will conduct a more detailed review on the operations of the Group with a view to improving the performance of the assets of the Group and to developing a corporate strategy to broaden the income stream of the Group. Subject to the result of the review, the Offeror will consider all options to improve the existing operations and business of the Group.

In formulating the future development for the Group, it may or may not include opportunities and/or propositions that may arise in future for any assets and/or business acquisitions by the Group, or the disposal of some assets of the Group. In this connection, although the Offeror does not have any plan on the future development of the business of the Group as at the Latest Practicable Date, the Offeror has explored the business opportunities of investing in (i) private educational services and/or institutions in both Hong Kong and the PRC, which provide premium academic enrichment programmes and vocational trainings to individuals; (ii) healthcare; (iii) mobile applications business; or (iv) internet-related business. To that end, a few target companies have been identified and the Offeror has recently started a preliminary discussion with a target company which is engaged in the provision of educational services. The Offeror intends to conduct due diligence review on such target company on a non-disclosure basis if the discussion progresses to the satisfaction of the Offeror. Notwithstanding that, no letter of intent, agreement or similar arrangement has been entered into between the Offeror and its

LETTER FROM KINGSTON SECURITIES

associates and the said target company in this respect as at the Latest Practicable Date. Should such transactions materialise, further announcement(s) will be made by the Company in accordance with the GEM Listing Rules.

In view of the foresaid, the Offeror considers that the acquisition of a controlling stake in the Company in conjunction with the Offer is in its long-term commercial interest.

As regards the Board composition

The Board is currently made up of nine Directors, comprising three executive Directors, two non-executive Directors and four independent non-executive Directors. Seven of the current Directors have tendered their resignation to the Board but each of them has indicated in his resignation that his resignation is subject to the Takeovers Code and shall not take effect until the earliest possible date when such resignations may be permitted to take effect under the Takeovers Code. The remaining two Directors, namely Mr. Ho Y Choi and Mr. Shum Lok To who have not tendered their resignation will remain in the Board after Completion.

The Offeror intends to nominate Mr. Liu Dan (“**Mr. Liu**”), Mr. Shen Ka Yip Timothy (“**Mr. Shen**”) and Ms. Lai Sze Yau Vivien (“**Ms. Lai**”) as executive Directors and such appointment will not take effect earlier than the date of posting of this Composite Offer Document subject to the requirements under the Takeovers Code. In addition, the Offeror is in the course of identifying other suitable candidates as Directors and independent non-executive Directors. Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and a further announcement will be made accordingly.

The biographical details of Mr. Liu Dan, Mr. Shen and Ms. Lai are set out below:

Mr. LIU Dan, aged 53, is an entrepreneur with over 10 years of chief executive experiences in the enterprises of the US and Mainland China. He founded and set up his own business, namely Fobuss Investment in San Francisco in 2004. Since 2006, Mr. Liu was also the director of several companies in the financial sector in the PRC, such as Fobuss Asset Management in Shenzhen.

Mr SHEN Ka Yip Timothy, aged 52, graduated from Simon Fraser University with a Master’s degree in Business Administration (MBA). He also obtained a Masters of Law in Chinese Business Law Open University of Hong Kong. He is a fellow member of Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), a certified public accountant in US, a chartered financial planner and a member of the Canadian Institute of Financial Planning. Mr. Shen has over 15 years of management experience in private and listed companies in both Hong Kong and the United Kingdom. Mr. Shen had been the acting chief executive officer and chief financial officer of Universal Holdings Limited, now known as China Jiu hao Health Industry Corporation Limited, (Stock Code: 419); the chief financial officer of Fortune Oil Holdings Limited, and deputy general manager of China Merchants Holdings (International) Company Limited (Stock Code: 144). In February 2014, Mr.

LETTER FROM KINGSTON SECURITIES

Shen was appointed as a member of the HKICPA Disciplinary Panel (Statutory Committee). In October 2013, he was appointed as a member of the Appeal Panel of the Green Building Council of Hong Kong. Since November 2012, Mr. Shen has been a member of China People's Political Consultative Conference (CPPCC) of Changchun City, the PRC. From 2006 to 2013, Mr. Shen had been appointed as a member to various sector advisory committees of the Hong Kong Trade Development Council.

Ms. Lai Sze Yau Vivien, aged 37, graduated from the University of Auckland, New Zealand with Bachelor of Commerce and Bachelor of Music. Ms. Lai is currently the chief operating officer of Wisser Capital Management Limited and is in this position since 2014. Before that, she was the executive assistant to the chairman of Camden Rich Limited between 2006 and 2013. Throughout her employment with the two aforementioned private equity firms, Ms. Lai has managed various private equity projects spanning over different sectors, including education, media and retail. Ms. Lai is well versed in the media industry. Prior to her joining the private equity field, she served a managerial role in SKY TV, one of the pay television networks in New Zealand from 2000 to 2004. She joined Hong Kong Cable TV Limited in 2004 and subsequently Universal Holdings Limited (Stock Code: 419) in 2005.

6. MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Offeror intends to maintain the listing of the Shares on the GEM upon the close of the Offer and undertakes to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

Please note that the Stock Exchange may exercise its discretion if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares, are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, to suspend dealings in the Shares.

7. TAX IMPLICATIONS

None of the Offeror, Mr. Liu Dan and parties acting in concert with any of them, the Company, Kingston Securities, Kingston Corporate Finance, the Registrar or any of their respective directors or any other parties involved in the Offer is in a position to advise the Independent Shareholders on their individual tax implications. The Independent Shareholders are recommended to consult their own professional advisers as to the tax implications that may arise from accepting the Offer. None of the Offeror, Mr. Liu Dan and parties acting in concert with any of them, the Company, Kingston Securities, Kingston Corporate Finance, the Registrar or any of their respective directors or other parties involved in the Offer accepts any responsibility for any tax effect on, or liabilities of, the Independent Shareholders as a result of their acceptance of the Offer.

LETTER FROM KINGSTON SECURITIES

8. ACCEPTANCE AND SETTLEMENT

Your attention is drawn to the further details regarding the procedures for acceptance and settlement and acceptance period as set out in Appendix I to this Composite Offer Document and the accompanying Form of Acceptance.

9. GENERAL

Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror, Kingston Securities, Kingston Corporate Finance and the Company that the Shares acquired under the Offer are sold by any such person or persons free from all Encumbrances and with all rights attached to them, including the rights to receive all dividends and distributions declared, made or paid on or after the date on which the Offer is made, that is, the date of posting of this Composite Offer Document.

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Offer Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

Attention of the Overseas Shareholders is drawn to the paragraph headed “Overseas Shareholders” in Appendix I to this Composite Offer Document.

All documents and remittances to the Independent Shareholders will be sent by ordinary post at their own risk. Such documents and remittances will be sent to the Independent Shareholders at their respective addresses as they appear in the register of members of the Company or, in the case of joint Independent Shareholders, to such Independent Shareholder whose name appears first in the register of members of the Company. None of the Offeror, Mr. Liu Dan and parties acting in concert with any of them, the Company, Kingston Securities, Kingston Corporate Finance, the Registrar, or any of their respective directors or professional advisers or any other parties involved in the Offer will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

10. COMPULSORY ACQUISITION

The Offeror does not intend to avail itself of any power of compulsory acquisition of any Shares after close of the Offer.

LETTER FROM KINGSTON SECURITIES

11. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Offer Document.

Yours faithfully,
For and on behalf of
Kingston Securities Limited
Chu, Nicholas Yuk-yui
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this Composite Offer Document.



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)

(Stock Code: 8181)

9 January 2015

To the Independent Shareholders

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
KINGSTON SECURITIES LTD.
FOR AND ON BEHALF OF
WISER CAPITAL MANAGEMENT LIMITED
FOR ALL THE ISSUED SHARES IN
KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
WISER CAPITAL MANAGEMENT LIMITED AND PARTIES ACTING IN
CONCERT WITH IT)**

We refer to the Composite Offer Document dated 9 January 2015 jointly issued by the Offeror and the Company, of which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Composite Offer Document.

We have been appointed to constitute the Independent Board Committee to make a recommendation as to whether or not the Offer is fair and reasonable and as to the acceptance of the Offer. TC Capital Asia Limited has been appointed as the Independent Financial Adviser to advise us as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. Details of its advice, together with the principal factors and reasons which it has considered before arriving at such advice, are set out in the “Letter from the Independent Financial Adviser” on pages 23 to 44 of the Composite Offer Document.

We also wish to draw your attention to the “Letter from the Board”, the “Letter from Kingston Securities” and the additional information set out in the appendices to the Composite Offer Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Taking into account the terms of the Offer and the independent advice from the Independent Financial Adviser, we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Offer. Independent Shareholders are recommended to read the full text of the “Letter from the Independent Financial Adviser” set out in the Composite Offer Document.

Yours faithfully,

The Independent Board Committee of

Kong Shum Union Property Management (Holding) Limited

Mr. Kam Tak Yeung

Non-executive Director

Mr. Tso Ping Cheong Brian

Non-executive Director

Mr. Cheung Kwong Wai

Independent Non-executive Director

Mr. Tong Sze Chung

Independent Non-executive Director

Mr. So Chung Shing

Independent Non-executive Director

Mr. Wong Tsz Ho

Independent Non-executive Director



TC Capital Asia Limited
天財資本亞洲有限公司

9 January 2015

The Independent Board Committee
Kong Shum Union Property Management (Holding) Limited

Dear Sir/Madam,

**MANDATORY UNCONDITIONAL CASH OFFER BY
KINGSTON SECURITIES LIMITED
FOR AND ON BEHALF OF
WISER CAPITAL MANAGEMENT LIMITED
FOR ALL THE ISSUED SHARES IN
KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED
(OTHER THAN THOSE ALREADY OWNED BY
WISER CAPITAL MANAGEMENT LIMITED
AND PARTIES ACTING IN CONCERT WITH IT)**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee in relation to the Offer. Details of which are set in the Composite Document dated 9 January 2015 of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Composite Document, unless otherwise specified.

On 20 November 2014, the Offeror, Topgrow, Mr. Ho Y Choi and Mr. Ho Y Cheung entered into the Share Purchase Agreement, pursuant to which Topgrow agreed to sell and the Offeror agreed to purchase the Sale Shares, being the aggregate interest of 300,000,000 Shares held by Topgrow, representing 75% of the entire issued share capital of the Company as at the date of the Share Purchase Agreement, at an aggregate consideration of HK\$183,750,000, representing HK\$0.6125 per Sale Share. The Share Purchase Completion took place on 25 November 2014.

As at the Latest Practicable Date, the Company had 400,000,000 Shares in issue. Immediately following Share Purchase Completion and as at the Latest Practicable Date, the Offeror, Mr. Liu Dan (“**Mr. Liu**”) and parties acting in concert with any of them were interested in a total of 300,000,000 Shares, representing 75% of the entire issued share capital of the Company. Accordingly, the Offeror is required to make the Offer, being the mandatory unconditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it), pursuant to Rule 26.1 of the Takeovers Code.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee, comprising all non-executive Directors, namely Mr. Kam Tak Yeung, Mr. Tso Ping Cheong Brian, Mr. Cheung Kwong Wai, Mr. So Chung Shing, Mr. Tong Sze Chung and Mr. Wong Tsz Ho, has been formed to advise the Independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in this regard. As at the Latest Practicable Date, we did not have any relationships or interests with the Company, Topgrow or the Offeror which could reasonably be regarded as relevant to our independence. In the last two years, no engagement has been performed between the Group, Topgrow or the Offeror and us. Apart from normal professional fees paid to us in connection with this appointment, no arrangements exist whereby we had received any fees or benefits from the Company, Topgrow, the Offeror, therefore we consider such relationship would not affect our independence.

BASIS OF OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the information and facts contained or referred to in the Composite Document; (ii) the annual report of Group for the year ended 31 March 2014 (the “**2014 AR**”) ; (iii) the interim report of the Group for the six months ended 30 September 2014 (the “**2014 IR**”); and (iv) the prospectus of the Group dated 30 September 2013 (the “**Prospectus**”).

We have also relied on all relevant information, opinions and facts supplied and represented by the Company, the Directors and the management of the Company. We have assumed that all such information, opinions, facts and representations, including those contained or referred to in the Composite Document, for which the Company is fully responsible, were true and accurate in all respects as at the Latest Practicable Date and may be relied upon. Should there be any subsequent material changes in such information during the Offer Period, the Company should inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be notified of any material changes to such information provided in the Composite Document and our opinion as soon as possible after the Latest Practicable Date and throughout the Offer Period. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, and the Company has confirmed that no material facts have been withheld or omitted from the information provided and referred to in the Composite Document, which would make any statement therein misleading.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Composite Document so as to provide a reasonable basis for our recommendation. We have not, however, carried out independent verification of the information provided by the Directors and the representatives of the Company, nor have we conducted any form of in-depth investigation into the businesses, affairs, operations, financial position or future prospects of the Company and/or the Offeror and any of their respective subsidiaries and associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions regarding the Offer, we have taken into consideration the following principal factors and reasons:

1. The Offer

Kingston Securities is making, on behalf of the Offeror, the Offer in compliance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.6125 in cash

The Offer Price of HK\$0.6125 per Offer Share is the same as the price per Sale Share paid by the Offeror to Topgrow under the Share Purchase Agreement.

The Offer Price represents:

- (a) a discount of approximately 55.6% to the closing price of HK\$1.380 per Share, as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 25.0% over the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the last Business Day immediately preceding the date of the Initial Announcement;
- (c) a discount of approximately 27.1% to the closing price of HK\$0.84 per Share, as quoted on the Stock Exchange on the Latest Practicable Date;
- (d) a discount of approximately 47.9%, 39.7% and 28.9% to the average of the closing prices of approximately HK\$1.176, HK\$1.016, and HK\$0.862 per Share respectively for the 10, 20 and 30 consecutive trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 551.6% over the unaudited consolidated net assets per Share of approximately HK\$0.094 as at 30 September 2014 (which is the unaudited consolidated net assets as at 30 September 2014 of approximately HK\$37,603,000 as disclosed in the 2014 IR divided by the total number of issued Shares of 400,000,000 as at 30 September 2014).

2. Background and intention of the Offeror

(a) Information on the Offeror

The Offeror is an investment holding company and is beneficially and wholly owned by Mr. Liu. The principal activity of the Offeror is investment holding and the principal assets held by the Offeror are its equity interests in the Company. Mr. Liu is the sole shareholder and sole director of the Offeror. Biographical details of Mr. Liu are set out in the paragraph headed “Offeror’s intention regarding the Group” of the letter from Kingston Securities of the Composite Document.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Intentions of the Offeror to the Group

As set out in the letter from Kingston Securities of the Composite Document, it is the intention of the Offeror that the Group will continue its existing principal business. The Offeror does not intend to introduce any major changes to the existing operation and business of the Company or re-deploy the employees.

The Offeror will conduct a more detailed review on the operations of the Group with a view to improving the performance of the assets of the Group and to developing a corporate strategy to broaden the income stream of the Group. Subject to the result of the review, the Offeror will consider all options to improve the existing operations and business of the Group.

In formulating the future development for the Group, the Offeror may or may not include opportunities and/or propositions that may arise in future for any assets and/or business acquisitions by the Group, or the disposal of some assets of the Group. In this connection, although the Offeror does not have any plan on the future development of the business of the Group as at the Latest Practicable Date, the Offeror has explored the business opportunities of investing in (i) private educational services and/or institutions in both Hong Kong and the PRC, which provide premium academic enrichment programs and vocational trainings to individuals; (ii) healthcare; (iii) mobile applications business; or (iv) internet-related business. To that end, a few target companies have been identified and the Offeror has recently started a preliminary discussion with a target company which is engaged in the provision of educational services. The Offeror intends to conduct due diligence review on such target company on a non-disclosure basis if the discussion progresses to the satisfaction of the Offeror. Notwithstanding that, no letter of intent, agreement or similar arrangement has been entered into between the Offeror and its associates and the said target company in this respect as at the Latest Practicable Date. Should such transactions materialise, further announcement(s) will be made by the Company in accordance with the GEM Listing Rules.

(c) Maintenance of the listing status of the Company

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer and will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

The Stock Exchange has stated that if, upon the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25%, of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings in the Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Independent Shareholders should be aware that if the number of Shares held by the public, as defined in the Listing Rules, comprises less than 25% of the total issued Shares of the Company at the close of the Offers, trading in the Shares may be suspended.

If trading in the Shares is suspended temporarily, Independent Shareholders who chose not to accept the Offer would not be able to sell their Shares on the Stock Exchange until trading in the Shares resumes. If a placing exercise is required to increase the Shares in public hands, we consider that this may put pressure on the market price of the Shares.

(d) The proposed change in Board composition

As at the Latest Practicable Date, the Board is currently made up of nine Directors, comprising three executive Directors, two non-executive Directors and four independent non-executive Directors. Seven of the current Directors have tendered their resignation to the Board but each of them has indicated in his resignation that his resignation is subject to the Takeovers Code and shall not take effect until the earliest possible date when such resignations may be permitted to take effect under the Takeovers Code. The remaining two Directors, namely Mr. Ho Y Choi, and Mr. Shum Lok To (the “**Remaining Directors**”), who have not tendered their resignation will remain in the Board after the Closing Date.

The Offeror intends to nominate Mr. Liu, Mr. Shen Ka Yip Timothy (“**Mr. Shen**”) and Ms. Lai Sze Yau Vivien (“**Ms. Lai**”) as executive Directors (the “**New Directors**”) and such appointment will not take effect earlier than the date of posting of the Composite Document subject to the requirements under the Takeovers Code. In addition, the Offeror is in the course of identifying other suitable candidates as Directors and independent non-executive Directors. Any changes to the Board will be made in compliance with the Takeovers Code and the GEM Listing Rules and a further announcement will be made accordingly. Biographical details of Mr. Liu, Mr. Shen and Ms. Lai are set out in the paragraph headed “Offeror’s intention regarding the Group” of the letter from Kingston Securities of the Composite Document.

To assess whether Remaining Directors and the New Directors (the “**New Board**”) have relevant experiences to manage the Company in the future, we have reviewed the biographies of the Mr. Ho Y Choi as set out in the Prospectus, the announcement of appointment of Mr. Shum Lok To as an executive director of the Company on 28 July 2014, as well as the biographies of the New Directors as set out in the Composite Document. The followings were observed upon our review:

- (i) Mr. Ho Y Choi has been a director of a principal subsidiary of the Company since 1992 and was mainly responsible for the business operation, financial management, sales and marketing of the Group since the Listing;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) Mr. Shum Lok To and Mr. Shen were both member of the Hong Kong Institute of Certified Public Accountants and were experienced in financial management and had held senior positions in company/ companies listed on the Stock Exchange; and
- (iii) Both Mr. Liu and Ms. Lai did not have any directorship for companies listed on the Stock Exchange. However, Mr. Liu has experience in the financial sector in both the PRC and US, and Ms. Lai has managed various private equity projects spanning over different sectors, including education, media and retail which may be beneficial to the Group if the Group develops in the areas which may be explored by the Offeror as set out in the “Offeror’s intention regarding the Group” of the letter from Kingston Securities of the Composite Document in the future.

Since the Offeror does not intend to introduce any major changes to the existing operation and business of the Company or re-deploy the employees, the Directors expect the operation of the Group will not be materially affected in the immediate future with the formation of the New Board. However, we are of the view that the future business development of the Group will depend on the input from the New Board on the overall strategy planning of the Group on its existing business or any new opportunities.

3. Information on the Group

The Group is a property and facility management services group principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties and was listed on the Stock Exchange on 11 October 2013 (the “**Listing**”). As set out in the Composite Document, it is the intention of the Offeror to continue the Group’s existing business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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(a) Financial information of the Group

Set out below is a summary of the audited financial information of the Group for each of the two years ended 31 March 2014 as extracted from the 2014 AR and the unaudited financial information of the Group for the six months ended 30 September 2013 and 2014 as extracted from the 2014 IR.

	For the year ended 31 March		For the six months ended 30 September	
	2013 audited <i>HK\$'000</i>	2014 audited <i>HK\$'000</i>	2013 unaudited <i>HK\$'000</i>	2014 unaudited <i>HK\$'000</i>
Revenue	284,063	324,981	158,546	166,616
Gross profit	52,299	66,200	30,356	34,439
Other income	0	279	84	185
Administrative expenses	30,422	37,980	16,883	21,250
Other operating expenses (included listing expenses)	13,084	19,775	6,868	8,002
Other operating expenses (excluded listing expenses)	8,763	13,245	6,024	8,002
Finance costs	1,559	1,105	731	348
Profit before tax (included listing expenses)	7,234	7,619	5,958	5,024
Profit attributable to owners of the Company (included listing expenses)	5,570	5,028	4,864	4,036
Profit before tax (excluded listing expenses)	11,555	14,149	6,802	5,024
Profit attributable to owners of the Company (excluded listing expenses)	9,891	11,558	5,708	4,036

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER
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	31 March 2013	As at 31 March 2014	30 September 2014
	audited	audited	unaudited
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total assets	105,023	115,994	102,059
Current assets	96,142	104,166	89,080
Current liabilities	84,016	62,223	64,427
Bank borrowings	38,807	19,334	18,076
Net assets	20,451	53,567	37,603

For the year ended 31 March 2014 (the “**FY 2014**”), revenue rose by approximately 14.4% as compared to the year ended 31 March 2013 (the “**FY 2013**”). As advised by the management of the Company, this was mainly due to (i) adjustment of service income after the increase in statutory minimum wage in Hong Kong from HK\$28.0 per hour to HK\$30.0 per hour effective from 1 May 2013 in its provision of security services business as disclosed in the 2014 AR; and (ii) growth of revenue generated from property management services contract due to more property management services contracts signed during FY 2014 from 386 contracts as at 31 March 2013 to 394 contracts as at 31 March 2014. As such, gross profit for the FY 2014 rose by approximately 26.6% as compared to the FY 2013, and gross profit margin has slightly increased from approximately 18.4% in the FY 2013 to approximately 20.4% in the FY 2014. Administrative expenses and other operating expenses (excluding listing expenses) for the FY 2014 rose by approximately 24.8% and 51.1%, respectively, as compared to the FY 2013. As set out in the 2014 AR, this was mainly due to increase in staff cost, audit fees, insurance, donation and professional fees incurred during the FY 2014. Profit attributable to owners of the Company increased by approximately 16.9% in the FY 2014 as compared to the FY 2013. Net profit margin (excluding listing expenses) for the FY 2013 and FY 2014 was approximately 3.5% and 3.6% respectively.

As at 31 March 2013 and 31 March 2014, net current assets of the Group amounted to approximately HK\$12.1 million and approximately HK\$41.9 million, respectively. Current ratio of the Group as at 31 March 2013 and 31 March 2014 were approximately 1.1 and approximately 1.7 respectively.

For the six months ended 30 September 2014, revenue slight rose by approximately 5.1% as compared to the corresponding period in 2013 mainly attributable by the growth of revenue generated from property management services contracts. Gross profit margin increased slightly from approximately 19.1% for the six months ended 30 September 2013 to approximately 20.7% for the six months ended 30 September 2014. Administrative expenses and other operating expenses

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(excluding listing expenses) for the six months ended 30 September 2014 continued to increase by approximately 25.9% and approximately 32.8% approximately as compared to the corresponding period in the previous year. Profit attributable to owners of the Company (excluding listing expenses) decreased substantially by approximately 29.3%. As noted from the 2014 IR, the decrease in net profit margin (excluding listing expenses) from approximately 3.6% for the six months ended 30 September 2013 to approximately 2.4% was mainly due to increase in staff cost.

As at 30 September 2014, net current assets and current ratio of the Group was approximately HK\$24.7 million and approximately 1.4 respectively.

(b) Prospect and outlook of the Group

Challenges arising from increasing wages of staff

As set out in the 2014 IR, 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. 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.

As disclosed in the “Industry Overview” section of the Prospectus, the Directors consider the implementation of statutory minimum wage in Hong Kong presented challenges to the Group. As discussed with the management of the Group, the wages and salaries level of its staff due to the statutory minimum wage regime remained as the major challenge to the Group’s business as it is the major direct operating cost of the Group for its provision of management service, which accounts for approximately 90% of the Group’s total cost of sales. We also noted that in the “Risk Factor” section of the Prospectus, 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 without paying similar or higher level of salary than in the market. 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.

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The following table illustrated the median, upper quartile and lower quartile of the hourly wage in the estate management security and cleaning services industry in Hong Kong from 2011 to 2013:

	Lower quartile <i>HK\$</i>	Median <i>HK\$</i>	Upper quartile <i>HK\$</i>
2011	28.0	29.0	38.3
2012	28.9	31.1	40.4
2013	30.5	33.3	44.2

Source: 2011, 2012 and 2013 Report on Annual Earnings and Hours Survey, Census and Statistics Department, Hong Kong Government

According to our researches, in 2011, the minimum wage legislation under the Minimum Wage Ordinance came into effect which stipulated a statutory minimum wage rate of HK\$28.0 per hour. With effect from 2013, the statutory minimum wage rate was revised to HK\$30.0 per hour. Compensation packages offering rates below the statutory level were required to be adjusted in order to comply with the said ordinance. It was noted that the Minimum Wage Committee recommended to the Chief Executive in October 2014 that the statutory minimum wage rate be revised to about HK\$32.5 per hour which is subject to the approval of the Legislative Council of the Hong Kong Government (the “**Proposed Minimum Wage Increase**”).

In the FY 2014 and for the six months ended 30 September 2014, the Group was able to maintain the gross profit margin as seen from the paragraph above. Nevertheless, if the wages and salaries of the Group’s employee continue to rise, the Group’s cost burden will increase should the Group could not transfer such rise in cost to its customers or retain the labor force in a cost effective way.

Intense market competition faced by the Group

We noted from the Prospectus that the Group has been operating in an environment with intense market 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 relatively low as no substantial investment in equipment or other fixed assets are generally needed. 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.

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For the Group's 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.

With such intense market competition faced by the Group, the Group may 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 to maintain its market share. As a result, this may adversely impact on the Group's prospects and growth.

Obstacles in implementation of the old district property management scheme of the Group

As disclosed in the Prospectus, it was one of the Group's business strategies to implement the old district property management scheme (the "Scheme"). Many of the 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 the 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:

- (i) assisting residents in establishing owners' corporation;
- (ii) 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
- (iii) entering into property management agreements with several buildings that are in proximity, minimizing the operating costs by utilizing the Group's security infrastructure such as the 24-hour security control room and sharing security manpower in providing security and management services.

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As discussed with the management of the Group, the Directors believe that by introducing this Scheme, the following objectives would be achieved:

- (i) enhancing the security and living conditions of the buildings;
- (ii) building the Group's image as a socially responsible enterprise;
- (iii) expanding the Group's market share in the property management industry in Hong Kong; and
- (iv) creating new business potential for the Group's further development.

Though the Group has set up a development team to prepare for the implementation of the Scheme as set out in the 2014 AR, we noted from the 2014 IR that the Scheme encountered unfavorable responses and deterrents in the past months due to the changes in market factors and sentiments. The recent developments and observations as set out in the 2014 IR included:

- (i) persistently high real estate prices which caused the owners of the old building speculate the values of their properties. As such, they incline to dispose their properties rather than revitalizing them for better and safe living condition;
- (ii) scarcity of land supply encouraged demand for redevelopment of old buildings, which discouraged the old building owners to improve their buildings with the hope for early development; and
- (iii) the lack of community support from local social leaders on the Scheme.

Further details of the recent developments were disclosed in the Group's 2014 IR. Due to factors as set out above and in the 2014 IR, the management of the Group anticipated the Scheme would be facing great difficulty and the implementation of the Scheme has to be further reviewed.

In light of the difficulty of implementation of the Scheme, it was doubtful for the Group to continue the development of the Scheme, and hence, it is uncertain whether the Group can generate extra source of revenue through the implementation of the Scheme as planned which affect the growth and prospects of the Group in the future.

As such, taking into consideration of (i) the decrease in net profit margin (excluding listing expenses) from approximately 3.6% for the six months ended 30 September 2013 to approximately 2.4% for the six months ended 30 September 2014 which showed the low and decrease in profitability of the Group for the six months ended 30 September 2014 as noted in the 2014 IR; (ii) the expected rising trend of employee's wage and salaries of the Group upon the approval on the Proposed Minimum Wage Increase; (iii) intense market competition faced by the Group; and

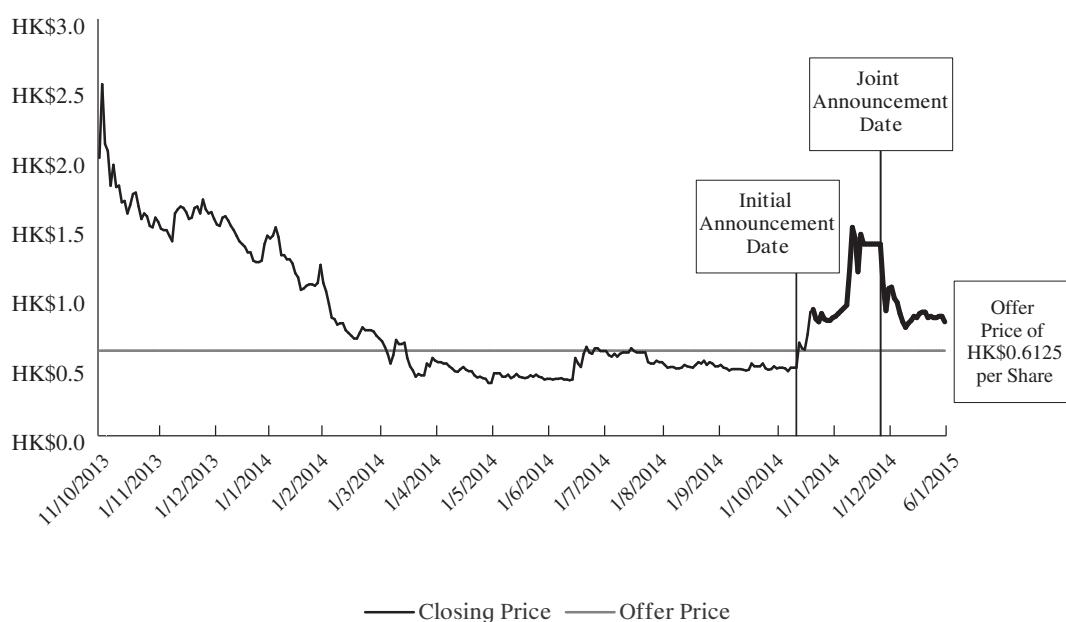
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(iv) the failure for the Group to implement of the Scheme according to its plan for the factors mentioned above which has restrained the growth of the Group, we consider that the future financial performance of the Group's property management services is subject to uncertainty and business risks.

4. Trading performance of the Shares

(a) Historical price performance of the Shares

Set out below is the daily closing price of the Shares (the “Closing Price”) as quoted on the Stock Exchange from the date of Listing, i.e. 11 October 2013 to 19 November 2014, being the Last Trading Day, with both dates inclusive (the “Pre-Announcement Period”), and further up to the Latest Practicable Date (the “Post-Announcement Period”). The Post-Announcement Period, together with the Pre-Announcement Period, is referred to as the “Review Period”.



The Pre-Announcement Period

From the date of Listing on 11 October 2014 to 11 February 2014, the Closing Price has been trading above HK\$1.00 with its peak at HK\$2.53 on 15 October 2013, which was at a premium of approximately 666.7% over its placing price of HK\$0.33 of the Group upon its Listing, and a premium of approximately 313.1% over the Offer Price. Since 12 February 2014, shortly after the Company announced its third quarter results for the nine months ended 31 December 2013 on 7 February 2014, the Closing Price started to drop below HK\$1.00 with Closing Price continued to drop to its lowest point of HK\$0.38 on 8 May 2014, equivalent to a discount of approximately 38.0% to the Offer Price. Since then, the Closing Price has been fluctuating at a range of HK\$0.38 to HK\$0.63 (a premium of approximately 2.9% over the Offer Price) until 14

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October 2014, the last trading day before the Company halted its trading of Shares (the “**Trading Halt**”) for publication its Initial Announcement on 16 October 2014 in relation to the possible acquisition of Shares from an independent third party (the “**Potential Purchaser**”) upon entering into a memorandum of understanding with the Potential Purchaser which may trigger a mandatory general offer on the part of the Potential Purchase under Rule 26.1 of the Takeovers Code if the sales and purchase of the Shares was going to be materialised. While the Closing Price was only HK\$0.49 on 14 October 2014 before the Trading Halt, which is below the Offer Price, Closing Price started to surge again to HK\$0.67 on 17 October 2014 after the publication of the Initial Announcement and continue to climb to HK\$1.45 (a premium of approximately 136.7% over the Offer Price) on 18 November 2014, which was shortly before the close of the Pre-Announcement Period. This may be attributable by the speculation on the prospects of the Group as a result of a possible change in control of the Group as well as a speculation on the Offer Price which might be greater than the prevailing market Closing Price.

On 20 November 2014, trading of the Shares in the Stock Exchange has been suspended pending the release of the Joint Announcement until 27 November 2014.

The Post-Announcement Period

Trading of the Shares resumed on 28 November 2014. We noted that Closing Price after the Post-Announcement Period has been showing a downward trend since the release of the Joint Announcement from HK\$1.08 on 28 November 2014 to HK\$0.81 of 11 December 2014 and Closing Price began to rise up again to HK\$0.89 on 19 December 2014. During the Post-Announcement Period and up to the Latest Practicable Date, the lowest and highest Closing Price of the Shares was HK\$0.78 and HK\$1.08 on 10 December 2014 and 28 November 2014, respectively, and the average Closing Price from 28 November 2014 to the Latest Practicable Date was approximately HK\$0.89 which was significantly lower than the average price of approximately HK\$1.39 of the last 5 trading days including and up to the Last Trading Day. Nevertheless, Closing Price continued to be traded at above the Offer Price. The Offer and the change in control may have attracted speculation on the prospects of the Group and provide continued support to the level of Closing Price during the Post-Announcement Period.

We noted that given a low liquidity of trading of the Shares in December 2014 and up to the Latest Practicable Date as shown in the analysis in the paragraph headed “Liquidity of the Shares” below, the Independent Shareholders who intend to dispose of a significant shareholding of the Company in the market within a short timeframe may not be able to do so without exerting a downward pressure on the market price of the Shares. Therefore, the Offer represents an alternative exit for the Independent Shareholders to realize their investment in the Shares.

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After considering (i) the historical price performance of the Shares and the possibility that the level of Share prices during the period after the publication of the Initial Announcement may have been the result of the Offer and speculation on the Group's prospect; (ii) the average Closing Price since the publication of the Joint Announcement up to the Latest Practicable Date was lower than the average price of approximately HK\$1.39 of the last 5 trading days including and up to the Last Trading Day; (iii) the low liquidity of trading of the Shares as shown in the analysis below; (iv) the decrease of profit made by the Group for the six months ended 30 September 2014 as compared to the corresponding period in 2013; and (v) the uncertainty associated with the future financial performance as well as prospects of the Group as discussed in the paragraph headed "Prospect and outlook of the Group" above, we are of the view that it is uncertain whether the level of the Share prices in the Post-Announcement Period will be sustainable in the long run.

As there is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer, the Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares, net of all transaction costs, would be higher than that receivable under the Offer.

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(b) Liquidity of the Shares

The following table sets out the trading volume of the Shares during the Review Period:

Month/Period	Total trading volume for the month/period <i>(Number of Shares)</i>	Average daily trading volume for the month/period <i>(Number of Shares)</i> <i>(Note 1)</i>	Percentage of average daily trading volume to total number of Shares in issue <i>(Note 2)</i>	Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date <i>(Note 3)</i>
2013				
October	113,582,400	8,113,029	2.03%	8.11%
November	80,016,000	3,810,286	0.95%	3.81%
December	40,016,000	2,000,800	0.50%	2.00%
2014				
January	45,720,000	2,177,143	0.54%	2.18%
February	2,348,632	2,348,632	0.59%	2.35%
March	161,312,000	7,681,524	1.92%	7.68%
April	36,488,000	1,824,400	0.46%	1.82%
May	10,136,000	506,800	0.13%	0.51%
June	94,024,000	4,701,200	1.18%	4.70%
July	56,140,000	2,551,818	0.64%	2.55%
August	18,288,000	870,857	0.22%	0.87%
September	17,072,000	812,952	0.20%	0.81%
October	155,828,670	8,159,579	2.04%	8.16%
November	166,698,000	11,907,000	2.98%	11.91%
December	44,390,000	2,113,810	0.53%	2.11%
2015				
January and up to the Latest Practicable Date	1,344,000	448,000	0.11%	0.45%

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Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was halted or suspended for the whole trading day.
2. As no new Shares have been issued during the Review Period, the total number of Shares in issue throughout the Review Period was 400,000,000 Shares, being the number of Share in issue as at the Latest Practicable Date.
3. As at the Latest Practicable Date, the total number of Shares held by public Shareholders is 100,000,000 Shares. As confirmed by the Vendor, the Vendor had not traded any Shares during the Review Period.

As illustrated in the above table, the average daily trading volume of the Shares for the respective month/period during the Review Period ranged from approximately 448,000 Shares to approximately 11,907,000, representing approximately 0.11% and 2.98% of the total Shares in issue as at the Latest Practicable Date and approximately 0.45% and approximately 11.91% of the total number of Shares held by public Shareholders. During the Review Period, the average daily trading volume of Shares was generally below 1.00% of total number of Shares in issue except recorded (i) approximately 2.03% in October 2013 when the Company was newly listed on 11 October 2013; (ii) approximately 1.92% in March 2014 and approximately 1.18% in June 2014 which was generally in line with the decreasing and increasing trend of the Closing Prices in March 2014 and June 2014 respectively; (iii) approximately 2.04% for October 2014 as a result of the issue of the Initial Announcement regarding the possible Offer and possible change in control; and (iv) approximately 2.98% for November 2014 as a result of the market reaction of the Offer and the change in control of the Company after the issue of the Joint Announcement. Nevertheless, we noted that the liquidity of trading of the Shares has deteriorated since December 2014 with percentage of average daily trading volume in December 2014 and January 2015 (up to the Latest Practicable Date) to total number of Shares in issue as at the Latest Practicable Date of 0.53% and 0.11%, respectively.

Given the public shareholding could barely meet the minimum public float requirement of 25% as required under the GEM Listing Rules which also illustrated why Shares have been traded at low liquidity during the Review Period, the Independent Shareholders who intend to dispose of a significant shareholding of the Company in the market within a short timeframe may not be able to do so without exerting a downward pressure on the market price of the Shares. Therefore, the Offer represents an alternative exit for the Independent Shareholders to realize their investment in the Shares.

5. Comparable Analysis

Price-to-earnings (“**P/E**”) ratio and price-to-book (“**P/B**”) ratio are the two most commonly used valuation benchmarks. Based on the Offer Price of HK\$0.6125 per Offer Share and the 400,000,000 Shares in issue as at the Latest Practicable Date, the Company is valued at approximately HK\$245.0 million. The P/E ratio of the Company implied by the Offer Price (the “**Implied P/E Ratio**”) is approximately 48.7 times based on the audited profit from continuing operations attributable to the Shareholders of approximately HK\$5.0 million for the year ended 31 March 2014. The P/B ratio of the Company implied by the Offer Price (the “**Implied P/B Ratio**”) is approximately 6.5 times based on the unaudited net assets attributable to the Shareholders of approximately HK\$37.6 million as at 31 March 2014.

In assessing the fairness and reasonableness of the Offer, we have attempted to compare the Implied P/E Ratio and the Implied P/B Ratio against the market valuation of other listed companies in Hong Kong which are engaged in business similar to that of the Group. As discussed in the section headed ‘Information of the Group’ above, the Group is principally engaged in the provision of property management services in Hong Kong. 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 (the “**Property Management and Related Services Business**”) and the revenue of which accounts for 100% of the total revenue of the Group for the three years ended 31 March 2014 .

Having considered (i) that the Group’s Property Management and Related Services Business has been the stable and dominant revenue source of the Group for the recent financial years; and (ii) that the Offeror intends to continue the existing principal businesses of the Group, we have, based on the information available from the website of the Stock Exchange, identified four Comparable Companies (the “**Comparables**”) which are (i) listed on the Stock Exchange; (ii) has over 50.0% revenue derived from the provision of Property Management and Related Services Business (or principally engaged in parts of the Property Management and Related Services Business) in Hong Kong which is considered as an exhaustive list. Even though the Company is listed in GEM which is usually of higher investment risk, while two of the Comparables were selected from the main board of the Stock Exchange, as all the Comparables are engaging in the business similar to the Group and hence, facing similar business risks based on the aforesaid selection criteria, we consider the Comparables are fair and representative samples for

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comparison. The following table sets out the list of the Comparables and their respective P/E ratio and P/B ratio as well as the Comparison with the Company:

Company name (stock code)	Principal activities	P/E ratio (Note 1) Times	P/B ratio (Note 2) Times	Market Capitalisation as at the Latest Practicable Date (HK\$ in million) (Note 3)
Synergis Holdings Ltd. (2340)	Provision of property management and facility management services, interiors and special projects and related services.	14.4	2.1	503.9
Baguio Green Group Ltd. (1397)	Provision of environmental service, namely, cleaning services, landscaping services, pest management services and waste management and recycling services.	8.1	2.9	506.3
King Force Security Holdings Ltd. (8315)	Provision of security guarding services.	287.0	44.9	2,400.0
PPS International (Holdings) Ltd. (8201)	Providing a comprehensive range of cleaning and related services.	248.2	48.9	3,250.0
	Average (Note 4)	11.3	2.5	
		Implied P/E ratio Times	Implied P/B ratio Times	
The Company		48.7	6.5	336.0

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Notes:

1. Unless as otherwise specified, the P/E ratios of the Comparables are calculated based on the market capitalisation of the respective Comparables as at the Latest Practicable Date divided by the audited profit attributable to owners of the respective Comparables as extracted from their respective latest published annual reports or prospectus.
2. Unless as otherwise specified, the P/B ratios of the Comparables are calculated based on the market capitalisation of the respective Comparables as at the Latest Practicable Date divided by the net asset value as extracted from their respective latest published interim or annual reports.
3. Market capitalisation of the Comparables are calculated based on their respective closing prices as at the Latest Practicable Date and the total number of issued shares as at the Latest Practicable Date.
4. The data of King Force Security Holdings Ltd. (8315) and PPS International (Holdings) Ltd. (8201) were at extreme values with market capitalization of HK\$2,400.0 million and HK\$3,250.0 million respectively, which was over approximately 7.1 times and 9.7 times of the market capitalization of the Company of approximately HK\$336.0 million as at the Latest Practicable date which may not be indicative and comparable, therefore, we excluded these two outlier Comparables (the “**Outlier Comparables**”) for the purpose of calculating the average P/E ratio and P/B Ratio of the Comparables.

By excluding the Outlier Comparables, only two Comparables were remained for our analysis (the “**Remaining Comparables**”). We consider that even though the number of Remaining Comparables for comparison is small, the remaining Comparables have market capitalization less than HK\$600.0 million, which is less than approximately two times of the market capitalization of the Company as at the Latest Practicable Date and we consider it is fair and of more relevance for comparison purpose. The Implied P/E ratio of 48.7 times is significantly higher than the average P/E ratio of the Remaining Comparables of 11.3 times, indicating that the valuation of the Company as implied by the Offer Price, is higher than all Remaining Comparables. In addition, the Implied P/B ratio of approximately 6.5 times is higher than the average P/B ratio of the Remaining Comparables of 2.5 times. In this regard, we consider that the Offer Price is fair and reasonable in terms of both P/E ratio and P/B ratio. However, Independent Shareholders should note that the higher Implied P/E and Implied P/B ratio of the Company than the average of the Remaining Comparables may be due to the fact that the Company is listed in the GEM which normally has higher investment risks and return.

RECOMMENDATION

Having considered the principal factors and reasons discussed above, and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- (i) the Group’s principal business recorded decrease in profit for the six months ended 30 September 2014 as compared to the corresponding period in 2013;
- (ii) the financial performance as well as prospects and outlook of the Group remained uncertain;

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- (iii) the sustainability in the level of Share price and trading volume of the Shares in the Post-Announcement Period may be uncertain in the long run;
- (iv) the Implied P/E Ratio is significantly higher than the average P/E ratio of the Remaining Comparables and the Implied P/B Ratio is higher than the average P/B ratio of the Remaining Comparables;
- (v) the Offer represents an alternative exit for the Independent Shareholders to realize their investment in the Shares rather than exerting a downward pressure on the market price of the Shares while disposing of a significant shareholding of the Company in the market within a short timeframe in view of the generally thin historical trading volume of the Shares during the Review Period; and
- (vi) the Offer Price of HK\$0.6125 represents a premium of approximately 25.0% over the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the last Business Day immediately preceding the date of the Initial Announcement and approximately 551.6% over the unaudited consolidated net assets per Share of approximately HK\$0.094 as at 30 September 2014,

we consider that the Offer is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to accept the Offer. The Independent Shareholders, in particular those who intend to accept the Offer, are reminded to note the recent fluctuation in the price of the Shares. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer. The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and shall, having regard to their own circumstances and investment objectives, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares, net of all transaction costs, would be higher than that receivable under the Offer.

The Offeror has not given detailed plans for the future. However, Independent Shareholders who are attracted to the future of the Company under the management of the Offeror may consider retaining some or all of their Shares. Such Independent Shareholders should bear in mind the comments on the possibility of a temporary suspension of trading in the Shares referred to in the paragraph headed “Maintenance of the listing status of the Company” of this letter above.

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The Independent Shareholders are also reminded that their decisions to dispose of or hold their investment in the Shares are subject to their individual circumstances and investment objectives. The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the Form of Acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
TC Capital Asia Limited
Edward Wu
Managing Director

Note: Mr. Edward Wu of TC Capital Asia Limited is a responsible officer licensed under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities having over 13 years of experience in investment banking and corporate finance.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

To accept the Offer, you should complete and sign the Form(s) of Acceptance in accordance with the instructions printed thereon, which instructions form part of the Offer.

- (a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in your name, and you wish to accept the Offer, you must send the completed Form(s) of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer to the Registrar, being Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, by post or by hand, marked “**Kong Shum Union Property Management (Holding) Limited — General Offer**” on the envelope, in any event not later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer whether in full or in part of your Shares, you must either:
 - (i) instruct the nominee company to accept the Offer on your behalf and request it to deliver the completed Form(s) of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in an envelope marked “**Kong Shum Union Property Management (Holding) Limited — General Offer**” to the Registrar; or
 - (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and send the completed Form(s) of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in an envelope marked “**Kong Shum Union Property Management (Holding) Limited — General Offer**” to the Registrar at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong by no later than 4:00 p.m. on the Closing Date; or
 - (iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities

dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

- (iv) if your Share(s) have/has been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominee Limited.
- (c) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Share(s) is/are not readily available and/or is/are lost and you wish to accept the Offer in respect of your Share(s), the Form(s) of Acceptance should nevertheless be completed and delivered in an envelope marked "**Kong Shum Union Property Management (Holding) Limited — General Offer**" to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.
- (d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete the Form(s) of Acceptance and deliver it in an envelope marked "**Kong Shum Union Property Management (Holding) Limited — General Offer**" to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable instruction and authority to each of Kingston Securities and/or the Offeror and/or any of their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such certificate(s) to the Registrar as if it was/they were delivered the Registrar with the Form(s) of Acceptance.
- (e) Acceptance of the Offer will be treated as valid only if the completed Form(s) of Acceptance is received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the Form(s) of Acceptance and any relevant documents required have been so received, and is:
 - (i) accompanied by the relevant Share certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those share certificate(s) is/are not in your name, such other

documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another subparagraph of this paragraph (e)); or
 - (iii) certified by the Registrar or the Stock Exchange. If the Form(s) of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (such as grant of probate or certified copy of power of attorney) to the satisfaction of the Registrar must be produced.
- (f) In Hong Kong, seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by relevant Independent Shareholders at a rate of 0.1% of the market value of the Shares subject to the Offer or consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash amount payable by the Offeror to the relevant Independent Shareholder accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of relevant Independent Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares.
- (g) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.
- (h) The address of the Registrar is A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

2. SETTLEMENT OF THE OFFER

- (a) Provided that the Form(s) of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order in all respects in accordance with the Takeovers Code and have been received by the Registrar by no later than 4:00 p.m. on the Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount representing the cash consideration due to each accepting Independent Shareholder in respect of the Shares subject to the Offer tendered by him/her/it under the Offer, less seller's ad valorem stamp duty payable by him/her/it, will be despatched to each accepting Independent Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within seven Business Days after the date of receipt of duly completed acceptances by the Registrar.

- (b) Settlement of the consideration to which any Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer, without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Independent Shareholder(s).

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offer has previously been revised or extended with the consent of the Executive, in accordance with the Takeovers Code, all Form(s) of Acceptance must be received by the Registrar by 4:00 p.m. on Monday, 2 February 2015, being the Closing Date, in accordance with the instructions printed thereon.
- (b) If the Offer is extended or revised and the announcement of such extension or revision will state the next Closing Date and the Offer will remain open for acceptance for a period of not less than 14 days from the posting of the written notification and/or announcement of the extension or revision to the Independent Shareholders and, unless previously extended or revised, shall close on the subsequent Closing Date. If the Offeror revises the terms of the Offer, all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.
- (c) If the Closing Date is extended, any reference in this Composite Offer Document and in the Form(s) of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the Closing Date of the Offer as so extended.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Independent Shareholders, those registered Independent Shareholders who hold the Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offer.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on Monday, 2 February 2015 (or such later time and/or date as the Executive may agree) on the Closing Date, the Offeror must inform the Executive and the Stock Exchange of its intention in relation to the revision, extension or expiry of the Offer. The Offeror must publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating the Offer has been revised, extended or has expired.

The announcement must state the following:

- (i) the total number of Shares and rights over Shares for which acceptances of the Offer have been received;
- (ii) the total number of Shares and rights over Shares held, controlled or directed by the Offeror or parties acting in concert with it before the Offer Period;
- (iii) the total number of Shares and rights over Shares acquired or agreed to be acquired during the Offer Period by the Offeror or parties acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed Shares which have been either on-lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) As required under the Takeovers Code and the GEM Listing Rules, any announcement in relation to the Offer, in respect of which the Executive and the Stock Exchange have confirmed that they have no further comments thereon, must be published in the websites of the Stock Exchange and the Company.

6. RIGHT OF WITHDRAWAL

- (a) Acceptance of the Offer tendered by the Independent Shareholders, as the case may be, shall be irrevocable and cannot be withdrawn, except in the circumstances set out in sub-paragraph (b) below.
- (b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "Announcements" above, the Executive may require that the Independent Shareholders who have tendered acceptances of the Offer be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, if the Independent Shareholders withdraw their acceptances, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post at the risk of the relevant Independent Shareholders, the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form(s) of Acceptance to the relevant Independent Shareholders.

If the Offer is withdrawn, the Offeror must, as soon as possible but in any event within 10 days thereof, post the Share certificates(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) lodged with the Form of Acceptance to, or make such Share certificate(s) and/or document(s) available for collection by, the relevant Independent Shareholders who have accepted the Offer.

7. OVERSEAS SHAREHOLDERS

The making of the Offer or the acceptance thereof by persons not being a resident of Hong Kong or with a registered address in jurisdictions outside Hong Kong may be affected by the laws of the relevant jurisdictions. Independent Shareholders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements in their own jurisdictions.

It is the responsibility of any such persons who wish to accept the Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due in respect of such jurisdiction. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Offeror that the local laws and requirements have been fully complied with. Independent Shareholders should consult their professional adviser if in doubt.

8. GENERAL

- (a) All communications, notices, Form(s) of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, the Company, Kingston Securities, the Independent Financial Adviser, the Registrar nor any of their respective directors or agents or other parties involved in the Offer and any of their respective agents accepts any liability for any loss or delay in postage or any other liabilities that may arise as a result thereof.
- (b) The provisions set out in the Form(s) of Acceptance form part of the terms of the Offer.

- (c) The accidental omission to despatch this Composite Offer Document and/or Form(s) of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.
- (d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.
- (e) Due execution of the Form(s) of Acceptance will constitute an authority to any director of the Offeror, Kingston Securities or such person or persons as any of them may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.
- (f) Acceptance of the Offer by any person or persons will be deemed to constitute a warranty by such person or persons to the Offeror and the Company that the Shares acquired under the Offer are sold by such person or persons free from all liens, charges, options, claims, equities, adverse interests, third party rights or encumbrances whatsoever and together with all rights accruing or attaching thereto on or after the date on which the Offer is made, including without limitation, the right to receive in full all dividends and/or other distributions recommended, declared, made or paid, if any, on or after the date on which the Offer is made.
- (g) The Offeror does not intend to avail itself of any right which may be available to it to acquire compulsorily any Shares not acquired under the Offers after the close of the Offers.
- (h) References to the Offer in this Composite Offer Document and the Form(s) of Acceptance shall include any revision and/or extension thereof.
- (i) In making their decision, the Independent Shareholders must rely on their own examination of the Offeror, the Group and the Offer, including the merits and risks involved. The contents of this Composite Offer Document, including any general advice or recommendation contained herein together with the Form(s) of Acceptance shall not be construed as any legal or business advice on the part of the Offeror, the Company, Kingston Securities, or the Independent Financial Adviser or their respective professional advisers. The Independent Shareholders should consult their own professional advisers for professional advice.
- (j) The English texts of this Composite Offer Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation in case of inconsistency.

1. FINANCIAL SUMMARY

The following is a summary of the results and financial positions of the Group as extracted from the published audited financial statements for each of the two years ended 31 March 2014 or the prospectus of the Company dated 30 September 2013 and the published unaudited financial results of the Group for the six months ended 30 September 2014 respectively:

	For the six months ended 30 September 2014	For the year ended 31 March		
	2014	2014	2013	2012
	<i>HK\$'000</i> (unaudited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)	<i>HK\$'000</i> (audited)
Revenue	166,616	324,981	284,063	276,655
Profit before taxation	5,024	7,620	7,233	15,735
Taxation	(988)	(2,591)	(1,664)	(1,794)
Profit for the period/year attributable to				
— Owners of the Company	4,036	5,028	5,569	13,941
— Non-controlling interests	—	—	—	—
	<u>4,036</u>	<u>5,028</u>	<u>5,569</u>	<u>13,941</u>
Other comprehensive income/ (expenses)				
Exchange differences on translation of foreign operation	—	—	—	194
Release of translation reserve to profit or loss upon disposal of a subsidiary	—	—	—	(1,493)
Other comprehensive expenses for the period/year, net of tax	—	—	—	(1,299)
Total comprehensive income for the period/year	<u><u>4,036</u></u>	<u><u>5,028</u></u>	<u><u>5,569</u></u>	<u><u>12,642</u></u>
Dividend attributable to the equity holders of the Company (<i>Note</i>)	—	20,000	—	—
	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Dividend per share	—	5.0	—	—
Earnings per share				
Basic and diluted	1.0	1.4	1.9	4.6

Note: As disclosed in the prospectus of the Company, during year ended 31 March 2012 and 2013, dividend in the amount of approximately HK\$26,714,000 and HK\$5,000,000 was paid by a subsidiary of the Company, Kong Shum Union Property Management Limited, to its then shareholders respectively.

Except for (i) gain on disposal of property, plant and equipment of approximately HK\$2,526,000 for year ended 31 March 2012; (ii) fair value loss on financial assets at fair value through profit or loss of approximately HK\$1,335,000 for year ended 31 March 2012; and (iii) gain on disposal of a subsidiary of approximately HK\$4,631,000 for year ended 31 March 2012, there were no exception items because of size, nature or incidence during each of the three years ended 31 March 2014 and six months ended 30 September 2014.

The auditors' reports issued by World Link CPA Limited in relation to the financial statements of the Group for each of the three years ended 31 March 2014 did not contain any qualification.

2. AUDITED FINANCIAL INFORMATION

The followings are the audited financial statements of the Group for the year ended 31 March 2014 as extracted from the annual report of the Company for the year ended 31 March 2014. Capitalised items used in this section shall have the same meaning as those defined in the annual report. Reference to notes numbers therein are to the notes numbers in the annual report.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 March 2014

	<i>Notes</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Revenue	9	324,981,419	284,062,524
Cost of services		<u>(258,781,554)</u>	<u>(231,763,752)</u>
Gross profit		66,199,865	52,298,772
Other income/(expenses), net	10	279,302	273
Administrative expenses		(37,980,447)	(30,422,370)
Other operating expenses		(19,774,608)	(13,084,499)
Finance costs	11	<u>(1,104,542)</u>	<u>(1,559,010)</u>
Profit before taxation	12	7,619,570	7,233,166
Income tax expense	13	<u>(2,591,189)</u>	<u>(1,663,718)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u><u>5,028,381</u></u>	<u><u>5,569,448</u></u>
Earnings per share — basic	14	<u><u>0.014</u></u>	<u><u>0.019</u></u>
Earnings per share — diluted	14	<u><u>N/A</u></u>	<u><u>N/A</u></u>

Consolidated Statement of Financial Position*As at 31 March 2014*

	<i>Notes</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Non-current assets			
Property, plant and equipment	17	2,067,728	3,043,748
Deposits placed for life insurance policies	19	7,526,068	3,814,900
Deferred tax assets	20	<u>2,233,910</u>	<u>2,022,304</u>
		<u>11,827,706</u>	<u>8,880,952</u>
Current assets			
Trade and other receivables	21	52,370,304	52,942,537
Amounts due from directors	22(a)	—	6,081,968
Amount due from ultimate holding company	22(b)	—	503,716
Amounts due from related parties	22(c)	—	15,371,221
Pledged bank deposits	23	15,896,023	15,666,435
Cash and bank balances	23	<u>35,899,808</u>	<u>5,576,540</u>
		<u>104,166,135</u>	<u>96,142,417</u>
Current liabilities			
Trade and other payables	24	41,610,134	38,021,416
Amount due to a director	22(e)	—	437,235
Amount due to a related party	22(f)	—	6,186,686
Obligations under finance leases	25	352,644	388,194
Income tax payable		926,649	175,349
Bank borrowings — secured	26	<u>19,333,599</u>	<u>38,807,358</u>
		<u>62,223,026</u>	<u>84,016,238</u>
Net current assets		<u>41,943,109</u>	<u>12,126,179</u>
Total assets less current liabilities		<u>53,770,815</u>	<u>21,007,131</u>
Non-current liabilities			
Obligations under finance leases	25	<u>203,696</u>	<u>556,340</u>
Net assets		<u>53,567,119</u>	<u>20,450,791</u>
Capital and reserves			
Share Capital	27	4,000,000	4,750,108
Reserves		<u>49,567,119</u>	<u>15,700,683</u>
Total equity		<u>53,567,119</u>	<u>20,450,791</u>

Consolidated Statement of Changes in Equity*For the year ended 31 March 2014*

	<i>Notes</i>	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Retained profits HK\$	Total HK\$
As at 1 April 2012		3,320,100	—	—	15,131,235	18,451,335
Profit and total comprehensive income for the year		—	—	—	5,569,448	5,569,448
Dividend to equity holders	29	—	—	—	(5,000,000)	(5,000,000)
Issue of shares of the subsidiaries and the Company		<u>1,430,008</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,430,008</u>
As at 31 March 2013 and 1 April 2013		4,750,108	—	—	15,700,683	20,450,791
Arising from the Reorganisation	27(b)	(4,750,108)	—	4,750,108	—	—
Capitalisation issue	27(e)	3,000,000	(3,000,000)	—	—	—
Placing of shares	27(f)	1,000,000	32,000,000	—	—	33,000,000
Expenses incurred in connection with the placing of shares		—	(4,912,053)	—	—	(4,912,053)
Profit and total comprehensive income for the year		<u>—</u>	<u>—</u>	<u>—</u>	<u>5,028,381</u>	<u>5,028,381</u>
As at 31 March 2014		<u><u>4,000,000</u></u>	<u><u>24,087,947</u></u>	<u><u>4,750,108</u></u>	<u><u>20,729,064</u></u>	<u><u>53,567,119</u></u>

Consolidated Statement of Cash Flows*For the year ended 31 March 2014*

	<i>Notes</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
OPERATING ACTIVITIES			
Profit before tax		7,619,570	7,233,166
Adjustments for:			
Listing expenses		6,529,809	4,321,350
Depreciation of property, plant and equipment	17	1,418,751	1,102,334
Interest income		(245,464)	(114,447)
Premium charged on life insurance policies		280,199	258,513
Interest expense	11	1,104,542	1,559,010
Loss on disposal of financial assets		<u>—</u>	<u>123,653</u>
Operating cash flows before movements in working capital		16,707,407	14,483,579
Movement in working capital elements:			
Increase in trade and other receivables		(868,217)	(8,067,728)
Increase in trade and other payables		<u>3,588,718</u>	<u>1,424,731</u>
Cash generated from operations		19,427,908	7,840,582
Interest paid	11	(1,104,542)	(1,559,010)
Income tax paid		<u>(2,051,495)</u>	<u>(3,932,684)</u>
Net cash generated from operating activities		<u>16,271,871</u>	<u>2,348,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for acquisition of property, plant and equipment		(442,731)	(879,300)
Increase in pledged bank deposits		(229,588)	(10,259,352)
Payment of deposits placed for life insurance policies	19	(3,748,955)	(3,961,680)
Interest received	10	<u>3,052</u>	<u>2,714</u>
Net cash used in investing activities		<u>(4,418,222)</u>	<u>(15,097,618)</u>

	<i>Notes</i>	2014 <i>HK\$</i>	2013 <i>HK\$</i>
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease/(increase) in amount due from ultimate holding company		503,716	(5,938)
Decrease in amounts due from related parties		15,371,221	9,037,701
Decrease in amount due to a related party		(6,186,686)	—
Increase in amounts due from directors		—	(6,222,469)
Decrease in amount due to a director		(437,235)	(2,062,765)
New bank loans raised		—	30,302,800
Repayment of bank loans		(12,394,229)	(6,507,344)
Proceeds from issue of shares by subsidiaries and the Company		—	1,430,008
Proceeds from placing of shares		33,000,000	—
Expenses incurred in connection with the placing of shares		(4,912,053)	—
Loans from/(repayment of loans to) directors		6,081,968	(18,060,004)
Repayments of finance lease		(388,194)	(245,826)
Payment of Listing expenses		<u>(5,089,359)</u>	<u>(1,440,450)</u>
Net cash generated from financing activities		<u>25,549,149</u>	<u>6,225,713</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		37,402,798	(6,523,017)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		<u>(2,635,362)</u>	<u>3,887,655</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		<u><u>34,767,436</u></u>	<u><u>(2,635,362)</u></u>
ANALYSIS OF CASH AND CASH EQUIVALENTS CONSIST OF			
Cash and bank balances	23	35,899,808	5,576,540
Bank overdrafts	26	<u>(1,132,372)</u>	<u>(8,211,902)</u>
		<u><u>34,767,436</u></u>	<u><u>(2,635,362)</u></u>

Notes to Financial Statements

For the year ended 31 March 2014

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 August 2012, as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at Unit L, 1/F., Kaiser Estate, Phase 2, No. 51 Man Yue Street, Hunghom, Kowloon, Hong Kong.

The Company's shares were listed on GEM on 11 October 2013 (the "Listing").

The Company is an investment holding company. The principal activities of the Group are provision of property management services. The details and particulars of subsidiaries of the Company are set out in note 18.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$") which is also the functional currency of the Company.

2. REORGANISATION AND BASIS OF PRESENTATION

Through a reorganisation to rationalise the structure of the Listing of the Company's shares (the "Reorganisation"), the Company has since 8 August 2013 become 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. Details of the Reorganisation are fully explained in the paragraphs headed the "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 30 September 2013 (the "Prospectus") in connection with the Listing.

As the companies now comprising the Group were controlled by Mr Ho Ying Cheung and Mr Ho Ying Choi (the "Controlling Shareholders") before and after the Reorganisation, the Reorganisation was accounted for as a business combination of entities under common control. The consolidated financial statements has been prepared based on the principles and procedures of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the consolidated statement of cash flows are prepared as if the current group structure had been in existence throughout the reporting years rather than from the date of incorporation of the Company.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. The collective term of HKFRSs comprises Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS"), and Interpretations.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the 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.

The consolidated financial statements have been prepared under the historical cost convention and are presented in Hong Kong dollars unless otherwise indicated.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise its judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements. The significant accounting policies applied in the preparation of these financial statements are set out below.

4.1 Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

4.2 Foreign currencies

Items included in the financial statements of each of the Groups' entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Hong Kong dollars, which is the Group's and the Company's functional and presentation currency.

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 statements, 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 exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

4.3 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 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.

4.4 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 of disposal 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.

4.5 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated 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.

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 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).

Impairment of financial assets

Financial assets 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 reorganisation; 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.

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.

4.6 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

4.7 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.

4.8 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.9 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fee paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn-down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after end of the reporting period.

4.10 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 the profit or loss in the period in which they are incurred.

4.11 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 consolidated statements of profit or loss and other 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 statements 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, except 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.

4.12 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.

4.13 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).

4.14 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.

4.15 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 consolidated 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 consolidated statement 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.

4.16 Related parties

For the purposes of these financial statements, a related party is a person or 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 of a parent of the Group.
- (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 entity and the other entity is an associate of the third entity.
 - (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 of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

4.17 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 4 to the financial statements, 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.

5.1 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.

5.2 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.

5.3 Income tax

The Group is subject to income tax in Hong Kong. Significant estimates are required in determining the provision for income tax. 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.

5.4 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.

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 obligations under finance leases and bank borrowings as disclosed in notes to the financial statements respectively, net of bank balances and cash, and equity attributable to owners of the Group, 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 Group, issuance of new shares as well as the raising of new debts.

The only externally imposed capital requirement is that for the Group to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. The Group receives reports from the share registrars regularly on substantial share interests showing the non-public float and it demonstrates continuing compliance with the 25% limit since the Listing. As of 31 March 2014, 25% of the Company's shares are in public hands.

7. FINANCIAL INSTRUMENTS

7.1 Financial instruments by category

Categories of the Group's financial instruments at the end of the reporting period and as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Financial assets:		
Loans and receivables (including cash and cash equivalents):		
Deposits placed for life insurance policies	7,526,068	3,814,900
Trade and other receivables	52,370,304	52,942,537
Amounts due from directors	—	6,081,968
Amounts due from related parties	—	15,371,221
Amount due from ultimate holding company	—	503,716
Pledged bank deposits	15,896,023	15,666,435
Cash and bank balances	<u>35,899,808</u>	<u>5,576,540</u>
Financial liabilities:		
Financial liabilities at amortised cost:		
Trade and other payables	41,610,134	38,021,416
Amount due to a director	—	437,235
Amount due to a related party	—	6,186,686
Bank borrowings — secured	<u>19,333,599</u>	<u>38,807,358</u>

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 maximise potential adverse effects on the Group's financial performance.

(i) Foreign currency risk

The Group has certain exposure to foreign currency risk as part of its assets are denominated in United States dollars ("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.

	2014 HK\$	2013 HK\$
Deposits placed for life insurance policies	<u>7,526,068</u>	<u>3,814,900</u>

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			
	2014			2013
	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the year HK\$	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the year HK\$
HK\$	0.1/	752,606/	0.1/	381,490/
HK\$	(0.1)	(752,606)	(0.1)	(381,490)

(ii) *Credit risk*

The carrying amounts of the pledged bank deposits, cash and bank balances and trade and other receivables included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has certain exposure to credit risk, as trade receivables from the five largest debtors of the Group as at 31 March 2014 accounted for 12.3% (2013: 11.1%) of total trade receivables.

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.

(iii) *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 longer term.

The maturity analysis of the Group's financial liabilities is as follows:

	On demand or within 1 year HK\$	More than 1 year but less than 5 years HK\$	More than 5 years HK\$	Total Contractual Undiscounted cash flow HK\$	Carrying Amount HK\$
2014					
Trade and other payables	41,610,134	—	—	41,610,134	41,610,134
Bank loans subject to a repayment on demand clause	19,333,599	—	—	19,333,599	19,333,599
Obligations under finance leases	373,032	207,165	—	580,197	556,340
	<u>61,316,765</u>	<u>207,165</u>	<u>—</u>	<u>61,523,930</u>	<u>61,500,073</u>
	On demand or within 1 year HK\$	More than 1 year but less than 5 years HK\$	More than 5 years HK\$	Total Contractual Undiscounted cash flow HK\$	Carrying Amount HK\$
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 loans subject to a repayment on demand clause	38,807,358	—	—	38,807,358	38,807,358
Obligations under finance leases	434,706	580,197	—	1,014,903	944,534
	<u>83,887,401</u>	<u>580,197</u>	<u>—</u>	<u>84,467,598</u>	<u>84,397,229</u>

(iv) *Interest rate risk*

The Group's exposure to interest rate risk arises from its bank borrowings. These items bear interest at variable rates varied with the then prevailing market condition.

It is estimated that a general increase/(decrease) of 50 basis points in interest rates, with all other variables held constant, would have (decreased)/increased the Group's profit for the year as follows:

	2014 HK\$	2013 HK\$
Increase/(decrease) in interest rates		
50 basis points	(96,668)	(194,037)
(50) basis points	96,668	194,037

(v) *Fair values*

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

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 consolidated 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 years ended 31 March 2014 and 2013.

During the two years ended 31 March 2014 and 2013, all revenue is derived from customers in Hong Kong and the Group's non-current assets as at 31 March 2014 and 2013 are located in Hong Kong.

9. REVENUE

The Group is principally engaged in the provision of property management services during the year. An analysis of the Group's revenue recognised during the years is as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Provision of property management services	<u>324,981,419</u>	<u>284,062,524</u>

10. OTHER INCOME/(EXPENSES), NET

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Bank interest income	3,052	2,714
Gain from foreign exchange contract transactions	—	7,750
Interest income from deposits placed for life insurance policies	242,412	111,733
Loss on disposals of financial assets	—	(123,653)
Sundry income	<u>33,838</u>	<u>1,729</u>
	<u>279,302</u>	<u>273</u>

11. FINANCE COSTS

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Interest on:		
Bank borrowings wholly repayable within five years	952,861	1,166,763
Loans from directors	109,195	374,285
Finance lease charges	<u>42,486</u>	<u>17,962</u>
	<u>1,104,542</u>	<u>1,559,010</u>

12. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Auditor's remuneration	573,504	100,000
Depreciation of property, plant and equipment	1,418,751	1,102,334
Operating lease rentals in respect of rented premises	1,976,270	1,677,030
Staff costs including directors' remuneration (<i>note 15</i>)		
— salaries, wages and other benefits	264,976,482	232,041,714
— contributions to retirement benefit scheme	<u>9,107,107</u>	<u>8,483,626</u>

13. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits.

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Current income tax		
Hong Kong profits tax		
— Provision for the year	2,911,317	2,048,386
— Over-provision in prior years	<u>(108,522)</u>	<u>(32,848)</u>
	2,802,795	2,015,538
Deferred tax assets (<i>note 20</i>)		
— Origination and reversal of temporary differences	(244,225)	(351,820)
— Over-provision in prior years	<u>32,619</u>	<u>—</u>
	<u>2,591,189</u>	<u>1,663,718</u>

A reconciliation between the Group's income tax expense and accounting profit, at applicable tax rate is set out below:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Profit before taxation	<u>7,619,570</u>	<u>7,233,166</u>
Notional tax on profit before taxation, calculated at current tax rate of 16.5% (2013: 16.5%)	1,257,229	1,193,471
Tax effect of non-deductible expenses	1,548,114	971,426
Tax effect of non-taxable revenue	(138,251)	(36,812)
Tax effect of temporary difference not recognised	—	(431,519)
Over-provision in prior years	<u>(75,903)</u>	<u>(32,848)</u>
Income tax expense	<u>2,591,189</u>	<u>1,663,718</u>

14. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company for the year ended 31 March 2014 of HK\$5,028,381 (2013: HK\$5,569,448), and the weighted average number of shares in issue during the year ended 31 March 2014 of 347,123,288 (2013: 300,000,000 shares in issue, being the number of shares in issue immediately after the completion of capitalisation issue as detailed in note 27(e) throughout the year).

The Group did not have any dilutive potential ordinary shares during the years ended 31 March 2014 and 2013.

15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' remuneration

Details of the emoluments paid or payable to each of the six directors of the Company are as follows:

2014

	Directors' fee <i>HK\$</i>	Salaries and other benefits <i>HK\$</i>	Contributions to retirement benefits scheme <i>HK\$</i>	Total <i>HK\$</i>
Executive Directors:				
Ho Ying Choi	—	1,836,850	15,000	1,851,850
Ho Ying Cheung	—	1,826,163	15,000	1,841,163
Non-executive Director:				
Kam Tak Yeung	56,774	120,000	—	176,774
Independent non-executive Directors:				
Cheung Kwong Wai	56,774	—	—	56,774
Tong Sze Chung	68,129	—	—	68,129
Wong Tsz Ho	56,774	—	—	56,774
	<u>238,451</u>	<u>3,783,013</u>	<u>30,000</u>	<u>4,051,464</u>

2013

	Directors' fee <i>HK\$</i>	Salaries and other benefits <i>HK\$</i>	Contributions to retirement benefits scheme <i>HK\$</i>	Total <i>HK\$</i>
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 (<i>Note</i>)	—	—	—	—
Independent non-executive Directors: (<i>Note</i>)				
Cheung Kwong Wai	—	—	—	—
Tong Sze Chung	—	—	—	—
Wong Tsz Ho	—	—	—	—
	<u>—</u>	<u>1,200,000</u>	<u>118,750</u>	<u>1,318,750</u>

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 (2013: two) directors of the Company, detail of whose emoluments are included in note 15(a) above. The emolument of the remaining three (2013: three) highest paid individuals are as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Salaries and other benefits	2,185,500	1,777,533
Discretionary or performance related bonus	219,000	196,500
Contributions to retirement benefit scheme	<u>44,850</u>	<u>43,500</u>
	<u><u>2,449,350</u></u>	<u><u>2,017,533</u></u>

The emoluments of each of the above highest paid individuals in the Group for the years ended 31 March 2014 were below HK\$1,000,000.

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 reporting period (2013: NIL).

16. PROFIT/(LOSS) FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the Company for the year ended 31 March 2014 includes a profit of HK\$25,127,633 (2013: loss HK\$4,965,106) which has been dealt with in the financial statements of the Company (note 28).

17. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Office equipment <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
Cost					
At 1 April 2012	2,264,797	518,119	1,720,675	1,243,483	5,747,074
Additions	<u>104,300</u>	<u>100,052</u>	<u>204,252</u>	<u>1,470,696</u>	<u>1,879,300</u>
At 31 March 2013	2,369,097	618,171	1,924,927	2,714,179	7,626,374
Additions	<u>50,600</u>	<u>12,030</u>	<u>380,101</u>	<u>—</u>	<u>442,731</u>
At 31 March 2014	<u>2,419,697</u>	<u>630,201</u>	<u>2,305,028</u>	<u>2,714,179</u>	<u>8,069,105</u>
Accumulated depreciation					
At 1 April 2012	1,194,912	256,169	999,497	1,029,714	3,480,292
Charge for the year	<u>470,101</u>	<u>54,706</u>	<u>390,778</u>	<u>186,749</u>	<u>1,102,334</u>
At 31 March 2013	1,665,013	310,875	1,390,275	1,216,463	4,582,626
Charge for the year	<u>480,709</u>	<u>53,299</u>	<u>363,920</u>	<u>520,823</u>	<u>1,418,751</u>
At 31 March 2014	<u>2,145,722</u>	<u>364,174</u>	<u>1,754,195</u>	<u>1,737,286</u>	<u>6,001,377</u>
Carrying amounts					
At 31 March 2014	<u><u>273,975</u></u>	<u><u>266,027</u></u>	<u><u>550,833</u></u>	<u><u>976,893</u></u>	<u><u>2,067,728</u></u>
At 31 March 2013	<u><u>704,084</u></u>	<u><u>307,296</u></u>	<u><u>534,652</u></u>	<u><u>1,497,716</u></u>	<u><u>3,043,748</u></u>

As at 31 March 2014, the carrying amounts of the Group's motor vehicles held under finance leases amounted to HK\$976,892 (2013: HK\$1,497,715) (note 25).

18. SUBSIDIARIES

Particulars of the subsidiaries are as follows:

Name	Place of incorporation	Particulars of issued and paid up capital	Ownership interest held by the Company	Principal activities and place of operation
Kong Shum Union Property Management Group Limited (“KSG”)	British Virgin Islands	11 shares of US\$1.00 each	100% direct	Investment holding
Kong Shum Union Property Management Company Limited (“KSU”)	Hong Kong	HK\$22,000,000	100% indirect	Provision of property management services in Hong Kong
K-King Cleaning Services Limited (“K-King”)	Hong Kong	HK\$100	100% indirect	Provision of cleaning services in Hong Kong
Q&V Security Company Limited (“Q&V”)	Hong Kong	HK\$2,100,000	100% indirect	Provision of security services in Hong Kong

19. DEPOSITS PLACED FOR LIFE INSURANCE POLICIES

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Deposits placed for life insurance policies	<u>7,526,068</u>	<u>3,814,900</u>

In June 2012, the Company’s subsidiary, KSU entered into a life insurance policy with an insurance company to insure an executive Director. 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 expense charged at inception, the accumulated insurance charge and policy expense charge (“Cash Value”). In addition, if withdrawal is made between the 1st and 15th policy year, there is a specific amount of surrender charge.

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 second year, a minimum guaranteed interest of 2.5% per annum is guaranteed by the insurance company. As at 31 March 2014 and 2013, this deposit placed for a life insurance policy was pledged to a bank to secure bank facilities granted to the Group.

In July 2013, KSU entered into another life insurance policy with an insurance company to insure another executive Director. Under the policy, the beneficiary and policy holder is KSU and the total insured sum is US\$1,200,000 (approximately HK\$9,324,000). KSU is required to pay an upfront deposit of US\$482,491 (approximately HK\$3,748,955) including an expense charge at the inception of the policy amounting to US\$28,949 (approximately HK\$224,936). 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\$482,491 plus accumulated interest earned and minus the expense charged at inception, the accumulated insurance charge and policy expense charge (“2nd Cash Value”). In addition, if withdrawal is made between the 1st and 18th policy year, there is a specific amount of surrender charge.

The insurance company will pay KSU an interest of 3.6% per annum on the outstanding 2nd Cash Value of the policy for the first year. Commencing on the second year, a minimum guaranteed interest of 2% per annum is guaranteed by the insurance company. As at 31 March 2014, the deposit placed on this life insurance policy was pledged to a bank to secure banking facilities granted to the Group.

The above deposits placed for life insurance policies are 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\$	Provisions HK\$ (Note)	Total HK\$
At 1 April 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)	<u>(38,731)</u>	<u>25,550</u>	<u>365,001</u>	<u>351,820</u>
At 31 March 2013	(168,689)	190,841	2,000,152	2,022,304
Credit to profit or loss for the year — origination and reversal of temporary differences (note 13)	<u>(14)</u>	<u>64,903</u>	<u>146,717</u>	<u>211,606</u>
At 31 March 2014	<u><u>(168,703)</u></u>	<u><u>255,744</u></u>	<u><u>2,146,869</u></u>	<u><u>2,233,910</u></u>

Note: Provisions represent the temporary differences of provision for certain expenses (including provision for long service payment, unrealised annual leaves and bonuses) 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 the consolidated statements of financial position purposes:

	2014 HK\$	2013 HK\$
Deferred tax assets	<u><u>2,233,910</u></u>	<u><u>2,022,304</u></u>

21. TRADE AND OTHER RECEIVABLES

	2014 HK\$	2013 HK\$
Trade receivables	48,288,078	43,627,232
Deposits, prepayments and other receivables	<u>4,082,226</u>	<u>9,315,305</u>
	<u><u>52,370,304</u></u>	<u><u>52,942,537</u></u>

The Group's trade and other receivables was denominated in HK\$.

The Group does not grant credit terms to its customers. The aging analysis of the trade receivables is as follows:

	2014 HK\$	2013 HK\$
0–30 days	27,976,719	24,859,487
31–60 days	11,589,615	8,886,382
61–90 days	2,947,035	3,389,293
over 90 days	<u>5,774,709</u>	<u>6,492,070</u>
	<u>48,288,078</u>	<u>43,627,232</u>

Trade receivables that were past due but not considered impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2014 HK\$	2013 HK\$
Overdue by:		
1–30 days	27,976,719	24,859,487
31–60 days	11,589,615	8,886,382
61–90 days	2,947,035	3,389,293
over 90 days	<u>5,774,709</u>	<u>6,492,070</u>
	<u>48,288,078</u>	<u>43,627,232</u>

The breakdown of the Group's deposits, prepayments and other receivable are as follows:

	2014 HK\$	2013 HK\$
Other receivables due from customers	—	1,004,337
Other receivables due from other parties	1,276,818	6,158,307
Deposits	1,939,502	285,300
Prepayments	<u>865,906</u>	<u>1,867,361</u>
	<u>4,082,226</u>	<u>9,315,305</u>

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

	2014 HK\$	2013 HK\$	Maximum amount outstanding during the year 2014 HK\$	2013 HK\$
Ho Ying Cheung	—	6,081,968	6,081,968	6,081,968
Ho Ying Choi	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,368,099</u>
	<u>—</u>	<u>6,081,968</u>		

The amounts are non-trade related, unsecured, interest-free and repayable on demand.

(b) Amount due from ultimate holding company

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Topgrow Holdings Limited	<u>—</u>	<u>503,716</u>

The above advance is unsecured, interest free and repayable on demand.

(c) Amounts due from related parties

	2014	2013	Maximum amount outstanding during the year	
			2014	2013
	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>	<i>HK\$</i>
Fortune Trend Investment Limited ¹	—	6,816,129	6,816,129	8,290,347
Eastern Rise Properties (Holdings) Limited ²	—	15,262	15,262	51,312
Huge Rise Investment Limited ²	—	20,510	20,510	20,510
More Rise Investment Limited ¹	—	4,829,827	4,829,827	4,829,827
Super Potent Limited ²	—	74,407	74,407	74,407
Ho Siu Chun ³	<u>—</u>	<u>3,615,086</u>	<u>3,963,470</u>	<u>3,615,086</u>
	<u>—</u>	<u>15,371,221</u>		

All the above balances are non-interest bearing and recoverable on demand.

Notes:

- Fortune Trend Investment Limited (“Fortune Trend”) and More Rise Investment Limited (“More Rise”) have common directors and shareholders of the Company.
- Eastern Rise Properties (Holdings) Limited, Huge Rise Investment Limited and Super Potent Limited have common directors and shareholders and were owned by a close family member of a Director of the Company.
- The younger sister of the Directors of the Company, Mr. Ho Ying Cheung and Mr. Ho Ying Choi.

(d) Compensation of key management personnel

The remuneration of key management personnel during the year is as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Short-term employee benefits	<u>4,051,464</u>	<u>1,318,750</u>

(e) Amount due to a director

	2014 HK\$	2013 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

	2014 HK\$	2013 HK\$
River Sea Union Property Management (Shenzhen) Company Limited	—	6,186,686

The amount due is non-trade related, unsecured, interest-free and repayable on demand.

(g) Related parties transactions

In addition to the related party transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	2014 HK\$	2013 HK\$
Related companies		
— Rental expenses	252,000	1,385,000
Shareholders		
— Dividend paid	—	5,000,000
Directors		
— Loan interest paid	—	374,285
— Compensation of key management personnel	4,051,464	1,318,750

23. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

	2014 HK\$	2013 HK\$
Cash on hand	188,000	187,000
Bank balances	35,711,808	5,389,540
Cash and bank balances	35,899,808	5,576,540
Pledged bank deposits (<i>Note</i>)	15,896,023	15,666,435

Note: Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as at 31 March 2014 and 31 March 2013.

The Group's cash and bank balances and pledged bank deposits were denominated in HK\$.

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 Hong Kong dollars and at the interest rate of 0.01% to 0.1% (2013: 0.01% to 0.15%) as at 31 March 2014.

24. TRADE AND OTHER PAYABLES

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Trade payables	1,199,455	1,427,659
Building deposits received	2,919,048	3,121,921
Sundry creditors and accruals (<i>note a</i>)	31,347,993	28,025,198
Provision for long service payment (<i>note b</i>)	<u>6,143,638</u>	<u>5,446,638</u>
	<u>41,610,134</u>	<u>38,021,416</u>

The Group's trade and other payables were denominated in HK\$.

The aging analysis of the trade payables were as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
0–30 days	<u>1,199,455</u>	<u>1,427,659</u>

Notes:

(a) The breakdown of sundry creditors and accruals are as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Accrued staff cost and staff benefit	17,321,639	15,490,869
Accrued staff bonus and annual leave	7,035,696	6,675,505
Other accrued expenses	781,982	291,491
Other payables due to customers	793,654	1,306,947
Other payables due to other parties	<u>5,415,022</u>	<u>4,260,386</u>
	<u>31,347,993</u>	<u>28,025,198</u>

(b) The movement of provision for long service payment is stated as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
At beginning of the year	5,446,638	5,286,909
Provision made during the year	1,423,194	740,454
Paid in the year	<u>(726,194)</u>	<u>(580,725)</u>
At end of the year	<u>6,143,638</u>	<u>5,446,638</u>

25. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014 HK\$	2013 HK\$	2014 HK\$	2013 HK\$
Amount payable under finance leases:				
Within one year	373,032	434,706	352,644	388,194
In the second to fifth years inclusive	<u>207,165</u>	<u>580,197</u>	<u>203,696</u>	<u>556,340</u>
	580,197	1,014,903	556,340	944,534
Less: Future finance charge	<u>(23,857)</u>	<u>(70,369)</u>	<u>—</u>	<u>—</u>
Present value of lease obligations	<u><u>556,340</u></u>	<u><u>944,534</u></u>	556,340	944,534
Less: Amount due or settlement within 12 months shown under current liabilities			<u>(352,644)</u>	<u>(388,194)</u>
Amount due for settlement after 12 months			<u><u>203,696</u></u>	<u><u>556,340</u></u>

Certain of the Group's motor vehicles are held under finance lease (note 17). The lease terms are within 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 2.18 to 5%.

26. BANK BORROWINGS — SECURED

	2014 HK\$	2013 HK\$
Bank loans, secured	18,201,227	30,595,456
Bank overdrafts, secured	<u>1,132,372</u>	<u>8,211,902</u>
	<u><u>19,333,599</u></u>	<u><u>38,807,358</u></u>

The analysis of the carrying amount of bank borrowings is as follows:

	2014 HK\$	2013 HK\$
Bank overdrafts	1,132,372	8,211,902
Portion of bank loans due for repayment within one year	9,506,150	18,747,029
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	<u>8,695,077</u>	<u>11,848,427</u>
	<u><u>19,333,599</u></u>	<u><u>38,807,358</u></u>

The Group's bank borrowings were due for repayment as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Overdrafts repayable on demand	1,132,372	8,211,902
Portion of bank loans due for repayment within one year	<u>9,506,150</u>	<u>18,747,029</u>
	<u>10,638,522</u>	<u>26,958,931</u>
Bank loans due for repayment after one year (<i>Note</i>)		
After 1 year but within 2 years	5,463,354	3,153,350
After 2 years but within 5 years	3,117,123	7,937,062
After 5 years	<u>114,600</u>	<u>758,015</u>
	<u>8,695,077</u>	<u>11,848,427</u>
	<u>19,333,599</u>	<u>38,807,358</u>

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 HK\$.

The above bank borrowings carry interest at the rate per annum from 4.25 to 6.25% (2013: 2.86% to 6.25%) for the year ended 31 March 2014.

The bank loans were secured by properties of related parties, (Fortune Trend and More Rise (note 22(c)(1)), unlimited guarantees from the directors of the Company and related parties, (Fortune Trend and More Rise (note 22(c)(1)), bank fixed deposit (note 23), deposits placed for life insurance policies (note 19) and guarantees from Hong Kong Mortgage Corporation Limited and HKSAR Government (note 30).

27. SHARE CAPITAL

Authorised and issued share capital

	2014		2013	
	Number of ordinary shares	Nominal Value HK\$	Number of ordinary shares	Nominal Value HK\$
Ordinary shares of HK\$0.01 each				
Authorised:				
Upon incorporation (<i>note (a)</i>)	—	—	3,800,000	380,000
As at 1 April	3,800,000	380,000	—	—
Subdivision of shares (<i>note (c)</i>)	34,200,000	—	—	—
Increase during the year (<i>note (d)</i>)	<u>4,962,000,000</u>	<u>49,620,000</u>	<u>—</u>	<u>—</u>
As at 31 March	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>3,800,000</u>	<u>380,000</u>
Issued and fully paid:				
Upon incorporation (<i>note (a)</i>)	—	—	1	0.1
As at 1 April	1	0.1	—	—
Issue of shares on Reorganisation (<i>note (b)</i>)	1	0.1	—	—
Subdivision of shares (<i>note (c)</i>)	18	—	—	—
Issue of shares upon:				
Capitalisation issue (<i>note (e)</i>)	299,999,980	2,999,999.8	—	—
Placing of shares (<i>note (f)</i>)	<u>100,000,000</u>	<u>1,000,000</u>	<u>—</u>	<u>—</u>
As at 31 March	<u>400,000,000</u>	<u>4,000,000</u>	<u>1</u>	<u>0.1</u>

Notes:

- (a) 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, of which one share of HK\$0.10 was allotted and issued.
- (b) On 8 August 2013 pursuant to the Reorganisation of the Group for the Listing, the Company acquired the entire issued share capital of KSU from Topgrow Holdings Limited (“Topgrow”) in consideration of the allotment and issue of a total of 1 share, credited as fully paid up to Topgrow.
- HK\$4,750,108 represents the aggregate amounts of issued share capital of KSG, KSU, K-King and Q&V as at 31 March 2013. The said total share capital of HK\$4,750,108 was reallocated to merger reserve for the Reorganisation.
- (c) 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 Holdings Limited.
- (d) 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.

- (e) On 19 September 2013, conditional on the share premium account of the Company being credited by HK\$2,999,999.80 as a result of the issue of placing shares pursuant to the placing as mentioned and defined in (f) below, an aggregate of 299,999,980 Shares, by the way by capitalisation of the sum of HK\$2,999,999.80 standing to the credit of the share premium account of the Company, would be issued, allotted and credited as fully paid at par to the Shareholders as appearing on the register of members of the Company at close of business of 18 September 2013 (the “Capitalisation”). Upon the Capitalisation, the issued share capital of the Company would become HK\$3,000,000 divided into 300,000,000 shares of HK\$0.01 each.
- (f) On 11 October 2013, 100,000,000 ordinary shares of HK\$0.01 each were issued by the way of placing at a price of HK\$0.33 per share (the “Placing Price”) for a total cash consideration of HK\$33,000,000, before issuance cost. The excess of the Placing Price over the par value of the shares issued was credited to the share premium account of the Company.

28. FINANCIAL INFORMATION OF THE COMPANY

Statement of financial of position of the Company at the end of the reporting period is set out below:

	2014 HK\$	2013 HK\$
Non-current assets		
Investment in a subsidiary	4,750,108	—
Loan to a subsidiary (<i>note a</i>)	<u>15,000,000</u>	<u>—</u>
	<u>19,750,108</u>	<u>—</u>
Current assets		
Prepayments	135,563	1,440,450
Amounts due from subsidiaries (<i>note b</i>)	30,971,463	—
Bank balances and cash	<u>2,817,906</u>	<u>—</u>
	<u>33,924,932</u>	<u>1,440,450</u>
Current liabilities		
Accruals	674,458	—
Amount due to a subsidiary (<i>note b</i>)	<u>—</u>	<u>6,405,556</u>
	<u>674,458</u>	<u>6,405,556</u>
Net current assets (liabilities)	<u>33,250,474</u>	<u>(4,965,106)</u>
Total assets less current liabilities	<u>53,000,582</u>	<u>(4,965,106)</u>
Net assets/(liabilities)	<u>53,000,582</u>	<u>(4,965,106)</u>
Capital and reserve		
Share capital	4,000,000	—
Reserves (<i>note c</i>)	<u>49,000,582</u>	<u>(4,965,106)</u>
Total equity	<u>53,000,582</u>	<u>(4,965,106)</u>

Notes:

- (a) the amount is unsecured and interest-free.

- (b) the amounts are unsecured, interest-free and repayable on demand.
- (c) Movements of the Company's reserves during the current and prior years are as follows:

	Share premium HK\$	Retained profits/ (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 upon incorporation (note 27(a))	—	—	—
At 31 March 2013	<u>—</u>	<u>(4,965,106)</u>	<u>(4,965,106)</u>
At 1 April 2013	—	(4,965,106)	(4,965,106)
Profit and total comprehensive income for the year	—	25,127,633	25,127,633
Issue of shares on Reorganisation (note 27(b))	4,750,108	—	4,750,108
Capitalisation issue (note 27(e))	(3,000,000)	—	(3,000,000)
Placing of shares (note 27(f))	32,000,000	—	32,000,000
Expenses incurred in connection with the placing of shares	(4,912,053)	—	(4,912,053)
At 31 March 2014	<u>28,838,055</u>	<u>20,162,527</u>	<u>49,000,582</u>

29. DIVIDEND

	2014 HK\$	2013 HK\$
Interim dividend (note a)	—	5,000,000
Proposed final dividend of HK5 cents per share (note b)	<u>20,000,000</u>	—
	<u>20,000,000</u>	<u>5,000,000</u>

Notes:

- (a) It represents dividend paid by KSU to its then shareholders.
- (b) Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2014 of HK5 cents (2013: nil) per share has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forth coming general meeting.

30. BANKING FACILITIES

Pledged bank fixed deposits (note 23) and deposits placed for life insurance policies (note 19), properties of related parties, (Fortune Trend and More Rise (note 22(c)(1), unlimited guarantee from the directors of the Company and related parties, (Fortune Trend and More Rise (note 22(c)(1), guarantees from Hong Kong Mortgage Corporation Limited and HKSAR Government (the "Securities") have been pledged to banks to secure banking facilities granted to the Group and also part of the Securities have been pledged to a bank to secure banking facilities granted to related parties.

As at 31 March 2014, the banking facilities granted to the Group are approximately HK\$81.4 million (2013: approximately HK\$81.4 million).

As at 31 March 2014, approximately HK\$19.3 million (2013: 54.6 million) of the banking facilities have been utilised by the Group.

As at 31 March 2014, the outstanding amounts of the bank borrowings to the said related parties are approximately HK\$8.7 million (2013: HK\$4.8 million).

31. LEASE COMMITMENTS

At the end of the reporting period, the total future minimum lease payment under non-cancellable operating leases, which fall due as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Within one year	2,215,800	1,898,800
In the second to fifth years inclusive	<u>1,608,000</u>	<u>2,666,400</u>
	<u><u>3,823,800</u></u>	<u><u>4,565,200</u></u>

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.

32. 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 30).

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 2014 is approximately HK\$8.7 million (2013: HK\$4.8 million).

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' funds 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. 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 2014, the amounts of outstanding performance bond was approximately HK\$16.9 million (2013: HK\$15.8 million).

As at 31 March 2014, the aggregate amounts of the bank balances in the client accounts mentioned above were approximately HK\$18.0 million (2013: HK\$22.2 million).

(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 2014.

Save as disclosed herein below, as of the date of on which the consolidated financial statements approved by the directors, 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 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 against, among others, a scaffolding company and the incorporated owners' of the building for death caused to the deceased employed by the scaffolding company. 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.

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 premature 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 public liability insurance policy (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 plaintiffs claim in the main action plus the costs of the proceedings.

- (ii) KSU has been named as a respondent regarding an employee compensation claim in a District Court action commenced on 24 April 2012. On 21 September 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant employed by KSU fell from the staircases. 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 employee's compensation liability on this case and is now liaising with the applicant's solicitor to arrange the applicant to attend a joint medical examination. The amount of compensation will be assessed by the Court therefore the Company is unable to assess the quantum of the case. 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. As (i) the employee's compensation insurance policy (the "EC policy") covers such incident occurred to the applicant; and (ii) the insurance company would have to pay for the employee's compensation and costs of this claim to the applicant pursuant to the EC policy, the Company's legal adviser as to legal proceeding is therefore of the view that KSU has no potential liability in this claim.

- (iii) KSU has been named as one of the defendants regarding a personal injury claim sustained by the plaintiff on or about 7 July 2009 in a High Court action commenced on 30 May 2012. The insurance company for and on behalf of KSU filed a defence with the High Court on 14 January 2013. A joint orthopedic 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 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.
- (iv) 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 Defendants for the period from 1 November 2012 to 31 January 2013. The Defendants 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. 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 for the maximum compensation amount payable at 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 the 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.
- (v) KSU has been named as a respondent regarding an Employees' Compensation claim in a District Court action commenced on 16 January 2014. On 28 October 2013, the deceased employee was assigned by the respondent, its agents, to work at the Site. Whilst the deceased was on his duties, he sustained fatal injuries. The insurance company, on behalf of KSU, has admitted its employee's 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. 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.
- (vi) KSU has been named as a respondent regarding an Employees' Compensation claim in a District Court action commenced on 17 April 2014. On 13 September 2012, during the course of stationing at the security guard post sitting on the stool, the applicant as an employee of the Group saw a tenant and tried to retrieve an oversized post on the desk which could not be inserted into the letter box. The stool toppled and the applicant lost balance and fell from the stool landing on her back and buttock. As a result, the applicant sustained injuries to her right hip and back. The insurance company, on behalf of KSU, has admitted its employee's 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. 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.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**Major non-cash transaction**

Amounts due to directors of HK\$5,000,000 were settled by the dividends paid by a subsidiary of the Group for the year ended 31 March 2013.

3. UNAUDITED FINANCIAL INFORMATION

The unaudited financial information of the Group contained in the interim report of the Company for the six months ended 30 September 2014 is reproduced below. Capitalised terms used in this section shall have the same meanings as those defined in the interim report. Reference to notes numbers therein are to the notes numbers in the interim report.

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 September 2014

	Notes	Three months ended 30 September		Six months ended 30 September	
		2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Revenue	4	84,175	81,289	166,616	158,546
Cost of services		<u>(66,182)</u>	<u>(65,245)</u>	<u>(132,177)</u>	<u>(128,190)</u>
Gross profit		17,993	16,044	34,439	30,356
Other income	5	98	82	185	84
Administrative expenses		(10,630)	(8,325)	(21,250)	(16,883)
Other operating expenses		(4,382)	(3,209)	(8,002)	(6,024)
Finance costs		(169)	(348)	(348)	(731)
Listing expenses		<u>—</u>	<u>(248)</u>	<u>—</u>	<u>(844)</u>
Profit before taxation	6	2,910	3,996	5,024	5,958
Income tax expense	7	<u>(607)</u>	<u>(759)</u>	<u>(988)</u>	<u>(1,094)</u>
Profit and total comprehensive income attributable to owners of the Company for the period		<u>2,303</u>	<u>3,237</u>	<u>4,036</u>	<u>4,864</u>
Earnings per share — basic	9	HK Cent	HK Cents	HK Cents	HK Cents
		<u>0.6</u>	<u>1.1</u>	<u>1.0</u>	<u>1.6</u>
Earnings per share — diluted	9	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Unaudited Consolidated Statement of Financial Position*As at 30 September 2014*

	<i>Notes</i>	30 September 2014 <i>HK\$'000</i> (unaudited)	31 March 2014 <i>HK\$'000</i> (audited)
Non-current assets			
Property, plant and equipment	10	2,860	2,068
Deposits placed for life insurance policies	11	7,640	7,526
Deferred tax assets		<u>2,479</u>	<u>2,234</u>
		<u>12,979</u>	<u>11,828</u>
Current assets			
Trade and other receivables	12	51,583	52,370
Pledged bank deposits	13	5,064	15,896
Cash and bank balances	13	<u>32,433</u>	<u>35,900</u>
		<u>89,080</u>	<u>104,166</u>
Current liabilities			
Trade and other payables	14	43,848	41,610
Obligations under finance leases	15	344	352
Income tax payable		2,159	927
Bank borrowings — secured	16	<u>18,076</u>	<u>19,334</u>
		<u>64,427</u>	<u>62,223</u>
Net current assets		<u>24,653</u>	<u>41,943</u>
Total assets less current liabilities		<u>37,632</u>	<u>53,771</u>
Non-current liabilities			
Obligations under finance leases	15	<u>29</u>	<u>204</u>
Net assets		<u><u>37,603</u></u>	<u><u>53,567</u></u>
Capital and reserves			
Share capital	17	4,000	4,000
Reserves		<u>33,603</u>	<u>49,567</u>
Total equity		<u><u>37,603</u></u>	<u><u>53,567</u></u>

Unaudited Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2014

	(Unaudited)				
	Share capital	Share premium	Merger reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
			(Note 1)		
As at 1 April 2013 (audited) (Note 1)	4,750	—	—	15,701	20,451
Profit and the total comprehensive income for the period	—	—	—	4,864	4,864
Arising from Reorganisation	<u>(4,750)</u>	<u>—</u>	<u>4,750</u>	<u>—</u>	<u>—</u>
As at 30 September 2013	<u>—</u>	<u>—</u>	<u>4,750</u>	<u>20,565</u>	<u>25,315</u>
As at 1 April 2014 (audited) (Note 2)	4,000	24,088	4,750	20,729	53,567
Profit and the total comprehensive income for the period	—	—	—	4,036	4,036
Dividend paid to equity holders — final dividend of HK5 cents per share for year ended 31 March 2014	<u>—</u>	<u>—</u>	<u>—</u>	<u>(20,000)</u>	<u>(20,000)</u>
As at 30 September 2014	<u>4,000</u>	<u>24,088</u>	<u>4,750</u>	<u>4,765</u>	<u>37,603</u>

Notes:

- On 8 August 2013, pursuant to a reorganisation (the “Reorganisation”) of the Group to rationalize the structure of the Company’s shares which were listed on GEM on 11 October 2013 (the “Listing”) as explained in the paragraph headed the “Reorganisation” of the section headed “History, Reorganisation and Corporate Structure” in the prospectus of the Company dated 30 September 2013 (the “Prospectus”), among all the steps in the Reorganisation, the Company acquired the entire issued share capital of Kong Shum Union Property Management Company Limited (“KSU”) from Topgrow Holdings Limited (“Topgrow”) in consideration of the allotment and issue of a total of 1 share, credited as fully paid up to Topgrow.

HK\$4,750,108 represents the aggregate amounts of issued share capital of Kong Shum Union Property Management Group Limited (“KSG”), KSU, K-King Cleaning Services Limited (“K-King”) and Q&V Security Company Limited (“Q&V”) as at 31 March 2013. The said total share capital of HK\$4,750,108 was reallocated to merger reserve after the Reorganisation.

2. On 19 September 2013, conditional on the share premium account of the Company being credited by HK\$2,999,999.80 as a result of the issue of placing shares pursuant to the placing as mentioned below, an aggregate of 299,999,980 shares, by the way by capitalisation of the sum of HK\$2,999,999.80 standing to the credit of the share premium account of the Company, would be allotted, issued and credited as fully paid at par to the Shareholders as appearing on the register of members of the Company at close of business of 18 September 2013 (the “Capitalisation”). Upon the Capitalisation, the issued share capital of the Company would become HK\$3,000,000 divided into 300,000,000 shares of HK\$0.01 each.

On 11 October 2013, 100,000,000 ordinary shares of HK\$0.01 each were issued by the way of placing at a price of HK\$0.33 per share (the “Placing Price”) for a total cash consideration of HK\$33,000,000. The excess of the Placing Price over the par value of the shares issued net of issuance cost was credited to the share premium account of the Company.

Unaudited Condensed Consolidated Statements of Cash Flows*For the six months ended 30 September 2014*

	Six months ended	
	30 September	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash generated from operating activities	8,470	9,709
Net cash (used in) investing activities	(10,495)	(3,906)
Net cash (used in)/generated from financing activities	<u>(1,930)</u>	<u>14,314</u>
Net (decrease)/increase in cash and cash equivalents	(3,955)	20,117
Cash and cash equivalents at beginning of the period	<u>34,767</u>	<u>(2,635)</u>
Cash and cash equivalents at end of the period	<u>30,812</u>	<u>17,482</u>
Analysis of cash and cash equivalents consist of		
Cash and bank balances	32,433	18,426
Bank overdrafts	<u>(1,621)</u>	<u>(944)</u>
	<u>30,812</u>	<u>17,482</u>

Notes to the Unaudited Condensed Consolidated Financial Statements

For the six months ended 30 September 2014

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 August 2012, as an exempted company with limited liability under Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY-1111, Cayman Islands and its principal place of business in Hong Kong is at Unit L, 1/F, Kaiser Estate Phase 2, 51 Man Yue Street, Hunghom, Kowloon, Hong Kong. The Company's shares were listed on GEM since 11 October 2013.

The Company is an investment holding company. The principal activities of the Group are provision of property management services.

These condensed consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is the same as the functional currency of the Company and all value are rounded to the nearest thousand except when otherwise indicated.

2. BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2014 have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of the GEM Listing Rules.

These unaudited condensed consolidated financial statements have been prepared under historical cost convention and should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2014. The accounting policies and method of computation adopted are consistent with those applied in the Group's annual financial statements for the year ended 31 March 2014.

In current period, the Group has adopted all the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2014. The Group has not yet applied new/revised HKFRSs that have been issued but not yet effective. The Group has already commenced an assessment of the impact of these new/revised HKFRSs but is not yet in a position to state whether these new/revised HKFRSs would have a material impact on its results of operations.

3. SEGMENT INFORMATION

The Group currently operates in one operating segment which is the provision of 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 consolidated result for the period for the entire business comprehensively. Accordingly, the Group does not present separate segment information.

During the six months ended 30 September 2014 and 2013, all revenues are derived from customers in Hong Kong and the Group's non-current assets as at 30 September 2014 and 2013 were located in Hong Kong. Accordingly, no geographical information is presented.

4. REVENUE

The Group is principally engaged in the provision of property management services during the six months ended 30 September 2014 and 2013. An analysis of the Group's revenue recognised during the periods is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Provision of property management services	<u>84,175</u>	<u>81,289</u>	<u>166,616</u>	<u>158,546</u>

5. OTHER INCOME

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Interest income	74	82	148	84
Sundry income	<u>24</u>	<u>—</u>	<u>37</u>	<u>—</u>
	<u>98</u>	<u>82</u>	<u>185</u>	<u>84</u>

6. PROFIT BEFORE TAXATION

Profit before taxation as stated is arrived at after charging the following items:

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Staff costs including directors' emoluments:				
Wages, salaries and other staff benefits	68,941	65,619	137,747	129,248
Contributions to retirement benefit scheme	<u>2,245</u>	<u>2,290</u>	<u>4,488</u>	<u>4,472</u>
	<u>71,186</u>	<u>67,909</u>	<u>142,235</u>	<u>133,720</u>
Auditors' remuneration	163	163	325	325
Depreciation of property, plant and equipment	281	352	536	701
Operating lease rentals in respect of rented premises	<u>643</u>	<u>482</u>	<u>1,280</u>	<u>963</u>

7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2013 <i>HK\$'000</i> (unaudited)
The tax charge comprises:				
Hong Kong profits tax				
— Current tax	700	992	1,233	1,560
— Deferred taxation	(93)	(233)	(245)	(466)
	<u>607</u>	<u>759</u>	<u>988</u>	<u>1,094</u>

No provision of profit tax has been made by the Company as it is exempted from tax under the laws of the Cayman Islands. The subsidiaries of the Company operating in Hong Kong are subject to Hong Kong profits tax at a tax rate of 16.5% on the assessable profits earned in Hong Kong.

8. DIVIDEND

The Directors do not recommend payment of any dividend for the six months ended 30 September 2014 (2013: Nil).

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company for the three and six months ended 30 September 2014 of approximately HK\$2.3 million and HK\$4.0 million (three and six months ended 30 September 2013: approximately HK\$3.2 million and HK\$4.9 million respectively), and the weighted average number of shares in issue during the six months ended 30 September 2014 of 400,000,000 (three and six months ended 30 September 2013: 300,000,000 shares in issue, being the number of shares in issue immediately after the completion of capitalisation issue on the assumption that they have been issued throughout the six months ended 30 September 2013).

The Group did not have any dilutive potential ordinary shares during the three and six months ended 30 September 2014 and 2013.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2014, the Group acquired property, plant and equipment for a cash consideration of approximately HK\$1.3 million mainly for leasehold improvement (for the six months ended 30 September 2013: approximately HK\$0.26 million).

11. DEPOSITS PLACED FOR LIFE INSURANCE POLICIES

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Deposits placed for life insurance policies	<u>7,640</u>	<u>7,526</u>

12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Trade receivables	44,955	48,288
Other receivables and prepayments	<u>6,628</u>	<u>4,082</u>
	<u>51,583</u>	<u>52,370</u>

The Group's trade and other receivables were denominated in HK\$.

The Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables, overdue balances are reviewed regularly by the directors. The aging analysis of the trade receivables is as follows:

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
1 to 30 days	27,920	27,977
31 to 60 days	10,412	11,589
61 to 90 days	3,291	2,947
Over 90 days	<u>3,332</u>	<u>5,775</u>
	<u>44,955</u>	<u>48,288</u>

13. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Cash on hand	188	188
Bank balances	<u>32,245</u>	<u>35,712</u>
Cash and bank balances	<u>32,433</u>	<u>35,900</u>
Pledged bank deposits (<i>note</i>)	<u>5,064</u>	<u>15,896</u>

Note: Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as at 31 March 2014 and 30 September 2014.

The Group's cash and bank balances and pledged bank deposits were denominated in HK\$.

14. TRADE AND OTHER PAYABLES

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Trade payables	1,341	1,199
Other payables and accruals	<u>42,507</u>	<u>40,411</u>
	<u>43,848</u>	<u>41,610</u>

The Group's trade and other payables were denominated in HK\$.

The aging analysis of the trade payables were as follows:

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
1 to 30 days	<u>1,341</u>	<u>1,199</u>

15. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Amount payable under finance leases:				
Within one year	355	373	344	352
In the second to fifth years inclusive	<u>29</u>	<u>207</u>	<u>29</u>	<u>204</u>
	384	580	373	556
Less: Future finance charge	<u>(11)</u>	<u>(24)</u>	<u>—</u>	<u>—</u>
Present value of lease obligations	<u>373</u>	<u>556</u>	373	556
Less: Amount due or settlement within 12 months shown under current liabilities			<u>(344)</u>	<u>(352)</u>
Amount due for settlement after 12 months			<u>29</u>	<u>204</u>

Certain of the Group's motor vehicles are held under finance lease. 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 of 5% per annum.

16. BANK BORROWINGS — SECURED

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Bank loans, secured	16,455	18,202
Bank overdraft, secured	<u>1,621</u>	<u>1,132</u>
	<u>18,076</u>	<u>19,334</u>

The analysis of the carrying amount of the Group's bank borrowings is as follows:

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Bank overdrafts	1,621	1,132
Portion of bank loans due for repayment within one year	9,080	9,507
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	<u>7,375</u>	<u>8,695</u>
	<u>18,076</u>	<u>19,334</u>

The Group's bank borrowings were due for repayment as follows:

	As at 30 September 2014 <i>HK\$'000</i> (unaudited)	As at 31 March 2014 <i>HK\$'000</i> (audited)
Overdrafts repayable on demand	1,621	1,132
Portion of bank loans due for repayment within one year	<u>9,080</u>	<u>9,507</u>
	<u>10,701</u>	<u>10,639</u>
Bank loans due for repayment after one year (<i>Note</i>)		
After 1 year but within 2 years	5,586	5,463
After 2 years but within 5 years	1,789	3,117
After 5 years	<u>—</u>	<u>115</u>
	<u>7,375</u>	<u>8,695</u>
	<u>18,076</u>	<u>19,334</u>

Note: The maturity of 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 4.25% to 6.25% for the year ended 31 March 2014 and the six months ended 30 September 2014.

17. SHARE CAPITAL

	Number of Ordinary shares	Nominal Value HK\$
Ordinary shares of HK\$0.01 each		
Authorised:		
As at 31 March and 30 September 2014	<u>5,000,000,000</u>	<u>50,000,000</u>
Issued and fully paid:		
As at 31 March and 30 September 2014	<u>400,000,000</u>	<u>4,000,000</u>

18. RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties during the three and six months ended 30 September 2013 and 2014:

	Three months ended 30 September		Six months ended 30 September	
	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)
Related company				
— Rental expenses	<u>69</u>	<u>63</u>	<u>138</u>	<u>126</u>
Directors				
— Compensation of key management personnel	<u>1,429</u>	<u>523</u>	<u>2,912</u>	<u>823</u>

19. 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 30 September 2014 HK\$'000 (unaudited)	As at 31 March 2014 HK\$'000 (audited)
Within one year	2,195	2,216
In the second to fifth years inclusive	<u>1,278</u>	<u>1,608</u>
	<u>3,473</u>	<u>3,824</u>

Operating lease payments represent rentals payable by the Group for certain of its offices. Leases are negotiated for terms of one to two years and rentals are fixed over the lease terms and do not include contingent rentals.

20. CONTINGENT LIABILITIES**(a) Performance bond and incorporated owners' fund**

Performance bond has been issued by several banks as the Group keeps certain incorporated owners' funds 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. 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 30 September 2014, the amount of outstanding performance bond was approximately HK\$18.1 million (as at 31 March 2014: approximately HK\$16.9 million).

As at 30 September 2014, the aggregate amounts of the bank balances in the client accounts mentioned above were approximately HK\$20.0 million (as at 31 March 2014: approximately HK\$18.0 million).

(b) 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; 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 30 September 2014.

Save as disclosed herein below, as of the date of on which the consolidated financial statements approved by the directors, 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 a respondent regarding a personal injuries claim in District Court action commenced on 5 September 2014. On 21 September 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant employed by KSU fell from the staircases. The insurance company, on behalf of KSU, has admitted its public liabilities 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. 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.
- (ii) KSU has been named as one of the defendants regarding a personal injury claim sustained by the plaintiff on or about 7 July 2009 in a High Court action commenced on 30 May 2012. The insurance company for and on behalf of KSU filed a defence with the High Court on 14 January 2013. A joint orthopedic 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 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.

- (iii) 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 Defendants for the period from 1 November 2012 to 31 January 2013. The Defendants 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. 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 for the maximum compensation amount payable at 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 the 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.
- (iv) KSU has been named as a respondent regarding an employees' compensation claim and a personal injuries claim in District Court actions commenced on 17 April 2014 and 10 June 2014 respectively. On 13 September 2012, during the course of stationing at the security guard post sitting on the stool, the applicant as an employee of the Group saw a tenant and tried to retrieve an oversized post on the desk which could not be inserted into the letter box. The stool toppled and the applicant lost balance and fell from the stool landing on her back and buttock. As a result, the applicant sustained injuries to her right hip and back. The insurance company, on behalf of KSU, has admitted its employee's 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. 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.
- (v) KSU has been named as a respondent regarding a personal injuries claim in a District Court action commenced on 26 September 2014. On 13 November 2013, the applicant as a visitor was going to the estate. He stepped on the 1.5 ft. x 2.5 ft. iron plate which covered the waste drainage and the iron plate displaced and overturned. As a result, he lost his balance, and his left foot fell into the drainage and injured. As stated in the statement of damages of the plaintiff dated 18 September 2014, the plaintiff claimed for a total of HK\$384,450 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\$50,000,000.

21. EVENT AFTER THE REPORTING PERIOD

On 14 October 2014, the Company was informed by Topgrow, the controlling shareholder (as defined in the GEM Listing Rules) of the Company, that it had entered into a memorandum of understanding dated 14 October 2014 (the "MOU") with an independent third party (the "Potential Purchaser") not connected with the Company, its directors, chief executive, substantial shareholders, subsidiaries and associates, in relation to a possible sale and purchase of the shares of the Company (the "Shares") held by Topgrow. Topgrow is a company incorporated in the British Virgin Islands and its entire issued share capital is owned as to 40% by Mr. Ho Ying Cheung and as to 60% by Mr. Ho Ying Choi, both of whom are executive Directors. As at the date of the announcement on 16 October 2014, Topgrow and its concert parties are in aggregate beneficially interested in 300,000,000 Shares, representing 75% of the total issued share capital of the Company of 400,000,000 Shares.

The Board has been informed by Topgrow that, pursuant to the MOU, the Potential Purchaser may acquire approximately 75% of the total issued share capital of the Company, which if materialized and completed, will lead to an obligation of the Potential Purchaser to make a mandatory general offer under Rule 26.1 of the Code on Takeovers and Mergers of Hong Kong, such offer, if made, is expected to be in cash.

4. INDEBTEDNESS

As at the close of business on 30 November 2014, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Composite Offer Document, the Group had the following outstanding indebtedness:

Borrowings

As at the close of business on 30 November 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Offer Document, the Group had secured bank borrowings and finance lease liabilities of approximately HK\$17,486,555 and HK\$578,923 respectively.

Mortgages and charges

As at the close of business on 30 November 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Offer Document, the Group had pledged deposits of approximately HK\$4,962,271. These deposits were pledged to banks to secure banking facilities granted to the Group as at 30 November 2014.

Contingent liabilities

(a) Performance bond and incorporated owners' fund

Performance bonds have been issued by several banks as the Group keeps certain incorporated owners' funds 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. As at 30 November 2014, the amount of outstanding performance bonds was approximately HK\$18,127,527.

(b) Legal cases

As at 30 November 2014, the Group has contingent liabilities in respect of various litigation, details of which are set out in the paragraph headed "Litigation" below in this Appendix III.

Disclaimer

Save as disclosed under the section headed “4. Indebtedness” above, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, none of the companies in the Group had any outstanding loan, capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance credits, debentures, mortgage, charges, hire purchase commitments, guarantees or other material contingent liabilities as at the close of business on 30 November 2014.

5. MATERIAL CHANGE

The Directors confirm that save as disclosed below there is no material change in the financial or trading position or outlook of the Group since 31 March 2014, being the date to which the latest published audited financial statements of the Group were made up and up to and including the Latest Practicable Date:

- (a) The Group’s aggregate pledged bank deposits and cash and bank deposits decreased from approximately HK\$51.8 million as at 31 March 2014 to approximately HK\$37.5 million as at 30 September 2014 as set out in the interim report of the Company for the six months ended 30 September 2014, primarily as a result of the payment of final dividend of HK\$0.05 per Share in August 2014 in the total amount of HK\$20.0 million offset by internally generated fund amounted to approximately HK\$ 6 million during the six months ended 30 September 2014.
- (b) The following legal proceedings initiated against the Group so far as the Directors are aware since the latest published audited financial statements of the Group were made up, i.e. 31 March 2014 which may constitute contingent liabilities of the Group as at the Latest Practicable Date:
 - (i) KSU has been named as a respondent regarding a personal injuries claim in District Court action commenced on 5 September 2014. On 21 September 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant employed by KSU fell from the staircases. The insurance company, on behalf of KSU, has admitted its public liabilities 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. 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.

- (ii) KSU has been named as a respondent regarding an employees' compensation claim and a personal injuries claim in District Court actions commenced on 17 April 2014 and 10 June 2014 respectively. On 13 September 2012, during the course of stationing at the security guard post sitting on the stool, the applicant as an employee of the Group saw a tenant and tried to retrieve an oversized post on the desk which could not be inserted into the letter box. The stool toppled and the applicant lost balance and fell from the stool landing on her back and buttock. As a result, the applicant sustained injuries to her right hip and back. The insurance company, on behalf of KSU, has admitted its employee's 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. 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.
- (iii) KSU has been named as a respondent regarding a personal injuries claim in a District Court action commenced on 26 September 2014. On 13 November 2013, the applicant as a visitor was going to the estate. He stepped on the 1.5 ft. × 2.5 ft. iron plate which covered the waste drainage and the iron plate displaced and overturned. As a result, he lost his balance, and his left foot fell into the drainage and injured. As stated in the statement of damages of the plaintiff dated 18 September 2014, the plaintiff claimed for a total of HK\$384,450 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\$50,000,000.
- (iv) KSU has been named as the second defendant (the "Second Defendant") regarding a damage claim sustained by the plaintiff in District Court action commenced on 15 October 2014. In or around March 2014, certain maintenance work (the "Maintenance Work") was carried out to repair and/or alter the rooftop of a building (which was and is also the rooftop of the property (the "Property")), being part of the common parts or common areas, in respect of certain public water supply pipes thereon. According to the statement of claims attached to the writ of summon issued by the plaintiff, the plaintiff alleged that immediately or in any event shortly after the commencement of the Maintenance Work, the Maintenance Work damaged the damp-proof course thereon and caused serious seepage of water into the Property from where the Maintenance Work was conducted. The plaintiff sued the Second Defendant for damages for breach of the Deed of Mutual Covenants to ensure proper maintenance of the common parts of the Property. The plaintiff is claiming a partially liquidated amount of HK\$190,000 and partially unliquidated amount, other relief plus cost and interest. The amount of damages will be assessed by the Court and the Company is therefore unable to assess the quantum of the case.

1. RESPONSIBILITY STATEMENT

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than those relating to the Offeror and parties acting in concert with each of them), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Composite Offer Document (other than those expressed by the directors of the Offeror and parties acting in concert with each of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document, the omission of which would make any statement in this Composite Offer Document misleading.

The sole director of the Offeror accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than those relating to the Group and parties acting in concert with each of them), and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this Composite Offer Document (other than those expressed by the Directors, the Group and parties acting in concert with each of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document, the omission of which would make any statement in this Composite Offer Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

<i>Authorised</i>		<i>HK\$</i>
<u>5,000,000,000</u>	Shares of HK\$0.01 each	<u>50,000,000</u>
<i>Issued</i>		
<u>400,000,000</u>	Shares of HK\$0.01 each	<u>4,000,000</u>

No Shares have been issued since 31 March 2014, the date on which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other including as regards to capital, dividends and voting rights.

As at the Latest Practicable Date, the Company has no outstanding options, warrants, securities, derivatives or convertible securities which may confer any right to the holder thereof to subscribe for, convert or exchange into new Shares.

3. MARKET PRICES

- (a) The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period (as defined below) were HK\$1.500 per Share on 13 November 2014 and HK\$0.380 per Share on 8 May 2014 and 9 May 2014 respectively.
- (b) The table below sets out the closing prices of the Shares as quoted on the Stock Exchange on (i) the last Business Day of each of the calendar months during the period commencing six months preceding the date of the Initial Announcement and ending on the Latest Practicable Date on which trading of the Shares took place (the “**Relevant Period**”); (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
30 April 2014	0.420
30 May 2014	0.425
30 June 2014	0.600
31 July 2014	0.520
29 August 2014	0.530
30 September 2014	0.475
31 October 2014	0.830
19 November 2014 (being the Last Trading Day)	1.38
28 November 2014	1.08
Latest Practicable Date	0.840

- (c) The closing price of the Shares as quoted on the Stock Exchange on the last Business Day prior to the date of the Initial Announcement was HK\$0.49.

4. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, neither the Company nor any of its Directors had any interest in the equity share capital or any convertible securities, warrants, options or derivatives of the Offeror.

As at the Latest Practicable Date, details of interest in the Shares, underlying shares, debentures or other relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company held or controlled by the Offeror and parties acting in concert with it are as follows:

Name of Shareholder	Capacity and nature of interest	Number of Shares held	Approximate percentage of interest
The Offeror	Beneficial owner	300,000,000	75.00%
Mr. Liu Dan	Interest of controlled corporation (<i>Note</i>)	300,000,000	75.00%

Note: The Offeror is wholly and beneficially owned by Mr. Liu Dan.

5. INTEREST IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFER

- (a) As at the Latest Practicable Date, save as disclosed in the sub-paragraph headed “Disclosure of Interest” above:
- (i) none of the Offeror, Mr. Liu Dan or any parties acting in concert with any of them had any interests in or owned or controlled any Shares or had direction over any Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
 - (ii) there were no Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company carrying voting rights which the Offeror or any parties acting in concert with it has borrowed or lent;
 - (iii) there were no Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company which the Company and any Directors had borrowed or lent;
 - (iv) the Company had no interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
 - (v) none of the Directors had any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company or of the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
 - (vi) no Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if

any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser) but excluding exempt principal traders; and

- (b) The Offeror will finance the Offer from the Kingston Securities Facility. There was no agreement, arrangement or understanding that the Shares acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons.
- (c) No person who owned or controlled any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company has irrevocably committed themselves to accept or not to accept the Offer.
- (d) None of the Offeror, its associates, Mr. Liu Dan or any parties acting in concert with any of them, have entered into any arrangements of the kind (whether by way of option, indemnity, or otherwise) as referred to in Note 8 to Rule 22 of the Takeovers Code with any other person.
- (e) Save for the Share Purchase Agreement, there was no agreement or arrangement to which the Offeror is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.
- (f) No person has any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code.
- (g) No Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives of the Company are managed on a discretionary basis by fund managers connected with the Company.
- (h) Save for the arrangement set out under the paragraph head “As regards the Board Composition” in the section headed “5. Offeror’s intention regarding the Group” in the “Letter from Kingston Securities” of this Composite Offer Document, there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or being dependent upon the Offer.
- (i) There was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offer.
- (j) No material contracts has been entered into by the Offeror in which any Director has a material personal interest.

6. DEALINGS IN SECURITIES AND ARRANGEMENT IN RELATION TO DEALINGS

During the Relevant Period,

- (i) save as disclosed in this Appendix III, neither the Offeror, Mr. Liu Dan nor parties acting in concert with any of them had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company;
- (ii) the Company did not deal in an interest in the equity share capital or any convertible securities, warrants, options and derivatives of the Offeror;
- (iii) none of the Directors had dealt in any Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;
- (iv) none of the subsidiaries of the Company or a pension fund (if any) of any member of the Group or an adviser to the Company as specified in class (2) of the definition of associate under the Takeovers Code (including the Independent Financial Adviser) had dealt in any interest in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company;
- (v) no person, with whom the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code, had dealt in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company; and
- (vi) no fund managers connected with the Company had dealt in the Shares or other securities of the Company carrying voting rights or any convertible securities, warrants, options and derivatives of the Company.

7. DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

Each of Mr. Ho Y Cheung and Mr. Ho Y Choi entered into a service contract with the Company for a term of three years commencing on 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. The basis annual salaries of Mr. Ho Y Cheung and Mr. Ho Y Choi are HK\$1,920,000 and HK\$1,920,000 respectively.

Each of Mr. Kam Tak Yeung, Mr. Cheung Kwong Wai, Mr. Tong Sze Chung and Mr. Wong Tsz Ho entered into a letter of appointment with the Company for an initial term of three years commencing on 11 October 2013 subject to termination in certain circumstances as stipulated in the relevant letters of appointment. Each of Mr. Kam Tak Yeung, Mr. Cheung Kwong Kwok Wai, Mr. Tong Sze Chung and Mr. Wong Tse Ho receive an annual remuneration of HK\$120,000, HK\$120,000, HK\$144,000 and HK\$120,000 respectively.

Each of Mr. Shum Lok To, Mr. Tso Ping Cheong, Brian and Mr. So Chung Shing entered into a service contract/letter of appointment for an initial term of three years on 28 July 2014, 28 July 2014 and 25 September 2014 respectively, which is within six months before the commencement of the Offer Period. Each of Mr. Shum Lok To, Mr. Tso Ping Cheong, Brian and Mr. So Chung Shing are entitled to a director's fee of HK\$180,000, HK\$90,000 and HK\$90,000 per annum respectively.

As at the Latest Practicable Date, save as disclosed above none of the Directors has any service contracts with the Company or any of its subsidiaries or associated companies (a) which (including continuous or fixed term contracts) were entered into or amended within six months before the commencement of the Offer Period; (b) which were continuous contracts with a notice period of 12 months or more; or (c) which were fixed term contracts with more than 12 months to run irrespective of the notice period.

As at the Latest Practicable Date, none of the Directors has entered into any service contract or has an unexpired service contract with any member of the Group which is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

No contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.

No benefit (other than statutory compensation) has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

8. LITIGATION

KSU has been named as the second defendant (the "**Second Defendant**") regarding a damage claim sustained by the plaintiff in District Court action commenced on 15 October 2014. In or around March 2014, certain maintenance work (the "**Maintenance Work**") was carried out to repair and/or alter the rooftop of a building (which was and is also the rooftop of the property (the "**Property**")), being part of the common parts or common areas, in respect of certain public water supply pipes thereon. According to the statement of claims attached to the writ of summon issued by the plaintiff, the plaintiff alleged that immediately or in any event shortly after the commencement of the Maintenance Work, the Maintenance Work damaged the damp-proof course thereon and caused serious seepage of water into the Property from where the Maintenance Work was conducted. The plaintiff sued the Second Defendant for damages for breach of the Deed of Mutual Covenants to ensure proper maintenance of the common parts of the Property. The plaintiff is claiming a partially liquidated amount of HK\$190,000 and partially unliquidated amount, other relief plus cost and interest. The amount of damages will be assessed by the Court and the Company is therefore unable to assess the quantum of the case.

KSU has been named as a respondent regarding a personal injuries claim in District Court action commenced on 5 September 2014. On 21 September 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant employed by KSU fell from the staircases. The insurance company, on behalf of KSU, has admitted its

public liabilities 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. 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.

KSU has been named as one of the defendants regarding a personal injury claim sustained by the plaintiff on or about 7 July 2009 in a High Court action commenced on 30 May 2012. The insurance company for and on behalf of KSU filed a defence with the High Court on 14 January 2013. A joint orthopedic 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 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 public liability insurance policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim.

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 Defendants for the period from 1 November 2012 to 31 January 2013. The Defendants 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. 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 for the maximum compensation amount payable at 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 the 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.

KSU has been named as a respondent regarding an employees' compensation claim and a personal injuries claim in District Court actions commenced on 17 April 2014 and 10 June 2014 respectively. On 13 September 2012, during the course of stationing at the security guard post sitting on the stool, the applicant as an employee of the Group saw a tenant and tried to

retrieve an oversized post on the desk which could not be inserted into the letter box. The stool toppled and the applicant lost balance and fell from the stool landing on her back and buttock. As a result, the applicant sustained injuries to her right hip and back. The insurance company, on behalf of KSU, has admitted its employee's 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. 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.

KSU has been named as a respondent regarding a personal injuries claim in a District Court action commenced on 26 September 2014. On 13 November 2013, the applicant as a visitor was going to the estate. He stepped on the 1.5 ft. × 2.5 ft. iron plate which covered the waste drainage and the iron plate displaced and overturned. As a result, he lost his balance, and his left foot fell into the drainage and injured. As stated in the statement of damages of the plaintiff dated 18 September 2014, the plaintiff claimed for a total of HK\$384,450 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\$50,000,000.

Save as disclosed, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was or may become a party to any litigation or arbitration of material importance nor there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

9. MATERIAL CONTRACTS

The following contracts (not being entered into in the ordinary course of business) have been entered into by the members of the Group, after the date that is two years before the commencement of the Offer Period, which are or may be material:

- (i) the Share Purchase Agreement;
- (ii) the sale and purchase agreement dated 8 August 2013 and entered into between Kong Shum Union Property Management Group Limited ("**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 Kong Shum Union Property Management Company Limited ("**KSU**") and in return BVI Company allotted and issued ten new shares, credited as fully paid, to Topgrow;
- (iii) the sale and purchase agreement dated 8 August 2013 entered into between BVI Company, as the purchaser and Fortune Trend Investment Limited ("**Fortune Trend**"), as the vendor, pursuant to which BVI Company agreed to purchase from Fortune Trend the entire issued share capital of Q&V Security Company Limited 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;

- (iv) 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 Cleaning Services Limited 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;
- (v) 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;
- (vi) the deed of non-competition dated 19 September 2013 entered into by Topgrow, Mr. Ho Y Choi and Mr. Ho Y Cheung in favour of the Company (for itself and as trustee for each of its present subsidiaries);
- (vii) the deed of indemnity dated 19 September 2013 entered into by Topgrow, Mr. Ho Y Choi and Mr. Ho Y Cheung 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; and
- (viii) the conditional underwriting agreement dated 27 September 2013 and entered into between the Company, Mr. Ho Y Cheung, Mr. Ho Y Choi, Topgrow, Ample Capital Limited, Ample Orient Capital Limited.

Save as disclosed above, no contract (not being a contract entered into in the ordinary course of business carried on by the Group) has been entered into by any member of the Group within two years preceding the commencement of the Offer Period which are or may be material.

10. QUALIFICATION AND CONSENT OF EXPERTS

The followings are the names and qualifications of the professional advisers whose letter, opinions or advice are contained in or referred to in this Composite Offer Document:

Name	Qualification
Kingston Corporate Finance	a licensed corporation permitted to engage in type 6 (advising corporate finance) regulated activity under the SFO, and the financial adviser to the Offeror
Kingston Securities	a licensed corporation permitted to engage in type 1 (dealing in securities) regulated activity under the SFO

TC Capital Asia Limited a licensed corporation permitted to engage in type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders

Each of Kingston Corporate Finance, Kingston Securities and the Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Composite Offer Document with the inclusion herein of their respective letters, opinions or advice (as the case may be) and references to their names in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of Kingston Corporate Finance, Kingston Securities and the Independent Financial Adviser had any shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, none of Kingston Corporate Finance, Kingston Securities and the Independent Financial Adviser had any direct or indirect interest in any assets which have been, since 31 March 2014 (the date to which the latest published audited consolidated financial statements of the Group were made up), 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.

11. GENERAL

As at the Latest Practicable Date:

- (a) The principal members of the Offeror's concert group includes (i) the Offeror; and (ii) Mr. Liu Dan, whose respective addresses are as follows:
 - (i) the registered office of the Offeror is situated at the offices of Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands; and
 - (ii) the correspondence address of Mr. Liu Dan is at Unit 2701, 27th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.
- (b) The registered office of the Company is situated at Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands, and its head office and principal place of business in Hong Kong is situated at Unit L, 1/F, Kaiser Estate, Phase 2, 51 Man Yue Street, Hunghom, Kowloon, Hong Kong.
- (c) The company secretary of the Company is Mr. Tsui Siu Hung, Raymond. He is a fellow member of the Association of the Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountant.

- (d) The principal share registrar of the Company is Codan Trust Company (Cayman) Limited at Cricket Square Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited situated at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.
- (f) The registered office of Kingston Securities is situated at Suite 2801, 28th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.
- (g) The registered office of the Independent Financial Adviser is situated at Suite 1904, 19/F, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong.
- (h) In the event of inconsistency, the English texts of this Composite Offer Document and the Form(s) of Acceptance shall prevail over their respective Chinese texts.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (<http://www.kongshum.com.hk>); (ii) on the website of the SFC (<http://www.sfc.hk>); and (iii) at the principal office of the Company at Unit L, 1/F, Kaiser Estate, Phase 2, 51 Man Yue Street, Hungghom, Kowloon, Hong Kong from the date of this Composite Offer Document until the Closing Date or the date on which the Offer lapses or is withdrawn (whichever is earlier):

- (a) the memorandum and articles of association of the Offeror;
- (b) the memorandum and articles of association of the Company;
- (c) the annual report of Company for the year ended 31 March 2014 which includes audited consolidated accounts of the Company for the two years ended 31 March 2013 and 2014;
- (d) the interim report of the Company for the six months ended 30 September 2014;
- (e) the Letter from Kingston Securities, the text of which is set out on pages 12 to 20 of this Composite Offer Document;
- (f) the Letter from the Board, the text of which is set out on pages 7 to 11 of this Composite Offer Document;
- (g) the Letter from the Independent Board Committee, the text of which is set out on pages 21 to 22 of this Composite Offer Document;
- (h) the Letter from the Independent Financial Adviser, the text of which is set out on pages 23 to 44 of this Composite Offer Document;
- (i) the written consents referred to in the section headed “Qualification and consent of experts” in this Appendix III;

- (j) the material contracts referred to in the section headed “Material contracts” in this Appendix III;
- (k) the service contracts referred in the section headed “Directors’ Service Contracts and Other Interests” in this Appendix III;
- (l) the agreement pursuant to which the Kingston Securities Facility was made;
- (m) Share Purchase Agreement; and
- (n) a copy of this Composite Offer Document.