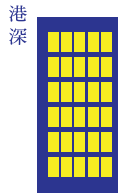


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



## **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)**

### **ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**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 the 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.**

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

*This announcement, for which the directors (the “Directors”) of Kong Shum Union Property Management (Holding) Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

## HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2013 was approximately HK\$158.5 million, representing an increase of 12.4% as compared with the same period of last year.
- Consolidated gross profit of the Group for the six months ended 30 September 2013 was approximately HK\$30.4 million, representing an increase of 22.4% as compared with the same period of last year.
- Profit attributable to the shareholders of the Company for the six months ended 30 September 2013 was approximately HK\$4.9 million, representing an increase of 11.0% as compared with the same period of last year.
- The earnings per share for the six months ended 30 September 2013 was HK Cents 1.6 (for the six months ended 30 September 2012: HK Cents 1.5).
- The Directors do not recommend the payment of any dividend for the six months ended 30 September 2013.

The board of directors (the “Board”) of Kong Shum Union Property Management (Holding) Limited is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three and the six months ended 30 September 2013 together with the unaudited and audited comparative figures for the corresponding periods in 2012 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and six months ended 30 September 2013

		Three months ended		Six months ended	
		30 September		30 September	
		2013	2012	2013	2012
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	<b>81,289</b>	70,434	<b>158,546</b>	141,065
Cost of services		<b>(65,245)</b>	(57,983)	<b>(128,190)</b>	(116,256)
<b>Gross profit</b>		<b>16,044</b>	12,451	<b>30,356</b>	24,809
Other income net	5	<b>82</b>	1	<b>84</b>	10
Administrative expenses		<b>(8,325)</b>	(7,529)	<b>(16,883)</b>	(14,396)
Other operating expenses		<b>(3,209)</b>	(1,984)	<b>(6,024)</b>	(4,309)
Finance costs		<b>(348)</b>	(467)	<b>(731)</b>	(788)
Listing expenses		<b>(248)</b>	–	<b>(844)</b>	–
<b>Profit before taxation</b>	6	<b>3,996</b>	2,472	<b>5,958</b>	5,326
Income tax expense	7	<b>(759)</b>	(420)	<b>(1,094)</b>	(943)
<b>Profit and total comprehensive income for the period</b>		<b>3,237</b>	2,052	<b>4,864</b>	4,383
		<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
Earnings per share – basic	9	<b>1.1</b>	0.7	<b>1.6</b>	1.5

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2013

		<b>30 September</b>	31 March
		<b>2013</b>	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<b>(unaudited)</b>	(audited)
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	2,605	3,044
Deposits placed for life insurance policies	<i>11</i>	7,412	3,815
Deferred tax assets		2,488	2,022
		<b>12,505</b>	8,881
<b>Current assets</b>			
Trade and other receivables	<i>12</i>	56,521	52,943
Amounts due from directors		–	6,082
Amounts due from related parties		–	15,371
Amount due from ultimate holding company		–	504
Pledged bank deposits	<i>13</i>	15,562	15,666
Cash and bank balances	<i>13</i>	18,426	5,576
		<b>90,509</b>	96,142
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	44,229	38,022
Amount due to a director		–	437
Amount due to a related party		–	6,187
Obligations under finance leases	<i>15</i>	369	388
Income tax payable		1,161	175
Bank borrowings – secured	<i>16</i>	31,571	38,807
		<b>77,330</b>	84,016
<b>Net current assets</b>		<b>13,179</b>	12,126
<b>Total assets less current liabilities</b>		<b>25,684</b>	21,007

		<b>30 September</b>	31 March
		<b>2013</b>	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Notes</i>	<b>(unaudited)</b>	(audited)
<b>Non-current liabilities</b>			
Obligations under finance leases	<i>15</i>	<b>369</b>	556
		<b>369</b>	556
<b>Net assets</b>		<b>25,315</b>	20,451
<b>Capital and reserves</b>			
Issued equity	<i>17</i>	–	4,750
Reserves		<b>25,315</b>	15,701
<b>Total equity</b>		<b>25,315</b>	20,451

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2013

	<b>Share capital</b> <i>HK\$'000</i>	<b>Merger reserve</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
As at 1 April 2012	3,320	–	15,131	18,451
Profit and the total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>4,383</u>	<u>4,383</u>
As at 30 September 2012	<u><u>3,320</u></u>	<u><u>–</u></u>	<u><u>19,514</u></u>	<u><u>22,834</u></u>
As at 1 April 2013	4,750	–	15,701	20,451
Profit and the total comprehensive income for the period	<u>–</u>	<u>–</u>	<u>4,864</u>	<u>4,864</u>
Arising from reorganisation	<u>(4,750)</u>	<u>4,750</u>	<u>–</u>	<u>–</u>
As at 30 September 2013	<u><u>–</u></u>	<u><u>4,750</u></u>	<u><u>20,565</u></u>	<u><u>25,315</u></u>

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 September 2013

	Six months ended	
	30 September	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash generated from/(used in) operating activities	9,709	(14,422)
Net cash (used in)/generated from investing activities	(3,906)	1,433
Net cash generated from/(used in) financing activities	<u>14,314</u>	<u>(1,158)</u>
Net increase/(decrease) in cash and cash equivalent	20,117	(14,147)
Cash and cash equivalents at beginning of the period	<u>(2,635)</u>	<u>3,888</u>
Cash and cash equivalents at end of the period	<u>17,482</u>	<u>(10,259)</u>
Analysis of cash and cash equivalents consist of		
Cash and bank balances	18,426	5,793
Bank overdrafts	<u>(944)</u>	<u>(16,052)</u>
	<u>17,482</u>	<u>(10,259)</u>

## **NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 September 2013*

### **1. GENERAL INFORMATION**

The Company was incorporated and domiciled in the Cayman Islands as an exempted company with limited liability under Companies Law of the Cayman Islands on 15 August 2012. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY-1111, Cayman Islands. The Company has established a principal place of business in Hong Kong at Unit L, 1/F, Kaiser Estate Phase 2, 51 Man Yue Street, Hunghom, Kowloon, Hong Kong and has been registered as a non-Hong Kong company under part XI of the Hong Kong Companies Ordinance on 15 August 2012. Its issued shares (the “Shares”) have been listed on the GEM of the Stock Exchange since 11 October 2013 (the “Listing”).

Pursuant to a reorganisation (the “Reorganisation”) of the Company and its subsidiaries now comprising the Group completed on 8 August 2013 to rationalize the Group’s structure in preparation for the listing of the Shares on GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 September 2013 (the “Prospectus”).

### **2. BASIS OF PRESENTATION**

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the HKICPA and with the applicable disclosure requirements of Chapter 18 to the GEM Listing Rules.

The Interim Financial Statements have been prepared under the historical cost basis. The principal accounting policies used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2013 except in relation to the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (“new and revised HKFRSs”) issued by the HKICPA that are adopted for the first time for the current period’s financial statements. The adoption of these new and revised HKFRSs has had no material impact on the unaudited condensed consolidated financial statements.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective, the Group is in the process of accessing their impact on the Group’s results and financial position.

The unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$000”), which is the Company’s functional and presentation currency.



### 3. SEGMENT INFORMATION

The Group currently operates in one operating segment which is property management services. A single management team reports to the Group's chief operating decision-maker who allocates resources and assesses performance based on the combined result for the year for the entire business comprehensively. Accordingly, the Group does not present separate segment information.

### 4. REVENUE

The Group is principally engaged in the provision of property management services during the three and six months ended 30 September 2012 and 2013. An analysis of the Group's revenue recognised during the three and the six months ended 30 September 2012 and 2013 is as follows:

	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Provision of property management services	<b>81,289</b>	70,434	<b>158,546</b>	141,065

### 5. OTHER INCOME

	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	<b>82</b>	–	<b>84</b>	–
Sundry income	–	1	–	10
	<b>82</b>	1	<b>84</b>	10

## 6. PROFIT BEFORE TAXATION

Profit before taxation as stated is arrived at after charging/(crediting) the following items:

	Three months ended 30 September		Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Staff costs including directors' emoluments:				
Wages, salaries and other staff benefits	65,619	58,030	129,248	115,680
Contributions to retirement benefit scheme	2,290	2,088	4,472	4,141
	<u>67,909</u>	<u>60,118</u>	<u>133,720</u>	<u>119,821</u>
Auditors' remuneration	163	20	325	50
Depreciation of property, plant and equipment and investment properties	352	256	701	506
Operating lease rentals in respect of rented premises	482	410	963	808

## 7. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
The tax charge comprises:				
Hong Kong profits tax	992	508	1,560	1,119
Deferred taxation – current period	(233)	(88)	(466)	(176)
	<u>759</u>	<u>420</u>	<u>1,094</u>	<u>943</u>

The Company is tax exempt under the laws of the Cayman Islands. The subsidiaries operating in Hong Kong are subject to Hong Kong Profits Tax at a tax rate of 16.5% on profits earned in Hong Kong.

## 8. DIVIDEND

The Directors do not recommend payment of any dividend for the six months ended 30 September 2013 (for the six months ended 30 September 2012: Nil).

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share for the three and six months ended 30 September 2012 and 2013 is based on the assumption that 300,000,000 shares of the Company issued pursuant to the reorganisation and capitalisation issue in preparation for the Listing, were in issue throughout the three and six months ended September 2012 and 2013.

No diluted earnings per share is presented for the three months and six months ended 30 September 2012 and 2013 as the Company did not have any potential dilutive potential ordinary shares outstanding.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment for a cash consideration of HK\$0.26 million mainly for leasehold improvement (for the six months ended 30 September 2012: HK\$0.31 million).

## 11. DEPOSITS PLACED FOR LIFE INSURANCE POLICIES

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
Deposits placed for life insurance policies	<u>7,412</u>	<u>3,815</u>

## 12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
Trade receivables	50,040	43,627
Other receivables and prepayments	<u>6,481</u>	<u>9,316</u>
	<u>56,521</u>	<u>52,943</u>

The Group does not grant any credit terms to its customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition date.

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
1 to 30 days	27,435	24,860
31 to 60 days	10,950	8,886
61 to 90 days	5,028	3,389
Over 90 days	6,627	6,492
	<u>50,040</u>	<u>43,627</u>

### 13. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
Cash on hand	158	187
Bank balances	18,268	5,389
Cash and bank balances	<u>18,426</u>	<u>5,576</u>
Pledged deposits ( <i>note</i> )	<u>15,562</u>	<u>15,666</u>

*Note:* Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as at 31 March and 30 September 2013.

Cash and bank balances were denominated in the following currency:

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
Hong Kong dollars	<u>18,426</u>	<u>5,576</u>

#### 14. TRADE AND OTHER PAYABLES

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
Trade payables	1,464	1,428
Other payables and accruals	<u>42,765</u>	<u>36,594</u>
	<u><u>44,229</u></u>	<u><u>38,022</u></u>

The following is an aged analysis of trade payables presented based on the invoice date at the end of each reporting period:

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
1 to 30 days	1,464	1,428
31 to 60 days	–	–
61 to 90 days	–	–
Over 90 days	<u>–</u>	<u>–</u>
	<u><u>1,464</u></u>	<u><u>1,428</u></u>

## 15. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
Amount payable under finance leases:				
Within one year	400	434	369	388
In the second to fifth years inclusive	380	580	369	556
	<u>780</u>	<u>1,014</u>	<u>738</u>	<u>944</u>
Less: Future finance charge	(42)	(70)	–	–
	<u>738</u>	<u>944</u>	<u>738</u>	<u>944</u>
Present value of lease obligations	<u>738</u>	<u>944</u>	<u>738</u>	<u>944</u>
Less: Amount due or settlement within 12 months shown under current liabilities			<u>(369)</u>	<u>(388)</u>
Amount payable under finance leases:			<u>369</u>	<u>556</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 per annum of 5% to 5.5%.

## 16. BANK BORROWINGS – SECURED

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
Bank loans, secured	30,627	30,595
Bank overdraft, secured	944	8,212
	<u>31,571</u>	<u>38,807</u>

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

	As at 30 September 2013 <i>HK\$'000</i> (unaudited)	As at 31 March 2013 <i>HK\$'000</i> (audited)
Bank overdrafts	944	8,212
Portion of bank loans due for repayment within one year	20,340	18,747
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	10,287	11,848
	<u>31,571</u>	<u>38,807</u>

As at 31 March 2013 and 30 September 2013, the Group's bank borrowings were due for repayment as follows:

	<b>As at 30 September 2013 HK\$'000 (unaudited)</b>	As at 31 March 2013 HK\$'000 (audited)
Overdrafts repayable on demand	<b>944</b>	8,212
Portion of bank loans due for repayment within one year	<b>20,340</b>	18,747
	<b>21,284</b>	26,959
Bank loans due for repayment after one year ( <i>Note</i> )		
After 1 year but within 2 years	<b>2,913</b>	3,153
After 2 years but within 5 years	<b>6,769</b>	7,937
After 5 years	<b>605</b>	758
	<b>10,287</b>	11,848
	<b>31,571</b>	38,807

*Note:* The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The carrying amounts of bank borrowings are denominated in Hong Kong dollars.

The above bank borrowings carry interest at the rate per annum from 2.95% to 6% and from 2.86% to 6.25% for the year ended 31 March 2013 and the six months ended 30 September 2013.

The bank loans were secured by properties of related parties, unlimited guarantees from the directors and related parties and guarantees from Hong Kong Mortgage Corporation Limited and HKSAR Government.



## 17. ISSUED EQUITY

	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
Subdivision of shares ( <i>Note c</i> )	34,200,000	–
Increase during the period ( <i>Note d</i> )	<u>4,962,000,000</u>	<u>49,620,000</u>
As at 30 September 2013	<u><u>5,000,000,000</u></u>	<u><u>50,000,000</u></u>
Issued and fully paid		
Upon incorporation ( <i>Note a</i> )	1	0.1
Issue of shares on reorganisation ( <i>Note b</i> )	1	0.1
Subdivision of shares ( <i>Note c</i> )	<u>18</u>	<u>–</u>
As at 30 September 2013	<u><u>20</u></u>	<u><u>0.2</u></u>

*Note:*

- (a) The Company was incorporated on 15 August 2012 in 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, the Company acquired the entire issued share capital of Kong Shum Union Property Management Group Limited 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.
- (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.
- (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.

## 18. RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties during the three and six months ended 30 September 2012 and 2013:

	Three months ended		Six months ended	
	30 September		30 September	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Related companies				
– Rental expenses	<u>63</u>	<u>419</u>	<u>126</u>	<u>826</u>
Directors				
– Loan interest paid	–	138	–	302
– Compensation of key management personnel	<u>523</u>	<u>300</u>	<u>823</u>	<u>600</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	As at
	30 September	31 March
	2013	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(audited)
Within one year	1,789	1,899
In the second to fifth years inclusive	1,846	2,666
More than five years	–	–
	<u>3,635</u>	<u>4,565</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.

## 20. EVENTS AFTER THE REPORTING PERIOD

On 11 October 2013, the Company was listed on the GEM of the Stock Exchange by way of placing and completed the placing of 100,000,000 shares at placing price of HK\$0.33. The proceeds in gross was HK\$33,000,000.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

The Group is a property management services group principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties. The Group operates under the brand name of “Kong Shum” and provides a range of management services including security, repair and maintenance, cleaning, finance management, administrative and legal support. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned management services. The Group also employs a team of security staff to provide security services as part of the services provided under property management contracts or under stand-alone security services contracts. For the six months ended 30 September 2013, the Group provided property security services for 27 properties under stand-alone security services contracts. The operating arm of the Group’s security services is mainly Q & V Security Company Limited (“Q & V”). The Group hires its own security staff to provide property security services. The Group also employs registered technicians to provide basic repair and maintenance services to its customers if required. In relation to the cleaning services, the Group subcontracts substantially all of its cleaning services to third-party contractors.

#### Financial Review

For the six months ended 30 September 2012 and 2013 all of the Group’s revenue was derived from its operation in Hong Kong. For each of six months ended 30 September 2012 and 2013, the Group derived revenue of approximately HK\$8.7 million and HK\$10.6 million from stand-alone security services contracts for each of the six months ended 30 September 2012 and 30 September 2013 respectively, representing approximately 6.2% and 6.7% of its total revenue. The following table set out the Group’s revenue by contract type for each of six months ended 30 September 2012 and 2013:

	Six months ended 30 September			
	2013		2012	
	<i>HK\$' million</i>	<i>percentage</i>	<i>HK\$' million</i>	<i>percentage</i>
Property management services contracts	147.9	93.3%	132.4	93.8%
Property security services contracts	10.6	6.7%	8.7	6.2%
	<u>158.5</u>	<u>100%</u>	<u>141.1</u>	<u>100%</u>

The Group's revenue improved by approximately 12.4% from approximately HK\$141.1 million for the six months ended 30 September 2012 to approximately HK\$158.5 million for the six months ended 30 September 2013. The increase was primarily attributable to the growth of revenue generated from property management services contracts, increasing by around 11.7% to approximately HK\$147.9 million for the six months ended 30 September 2013. Revenue generated from security services contracts also recorded an increase of around 21.8% to approximately HK\$10.6 million for the six months ended 30 September 2013.

The gross profit of the Group increased by 22.4% from approximately HK\$24.8 million for the six months ended 30 September 2012 to approximately HK\$30.4 million for the six months ended 30 September 2013. The gross profit margin was approximately 17.6% and 19.2% for six months ended 30 September 2012 and 2013 respectively. The total cost of services amounted to approximately HK\$116.3 million and HK\$128.2 million for the six months ended 30 September 2012 and 2013 respectively, representing 82.4% and 80.9% of the Group's revenue.

Profit attributable to owners of the Group increased by approximately 11.0% from approximately HK\$4.4 million for six months ended 30 September 2012 to approximately HK\$4.9 million for six months ended 30 September 2013. The Group's net profit margin remained stable at 3.1% for the six months ended 30 September 2012 and 2013.

## **Human Resources**

As at 30 September 2013, the Group had a total of 2,129 employees. The Group's staff costs for the six months ended 30 September 2013 amounted to approximately HK\$133.7 million. To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees by reference to the Group's results and individual performance.

## **Staff Cost and Statutory Minimum Wage**

The minimum wage was revised to HK\$30.00 per hour on 1 May 2013. The average remuneration of the Group's security staff and technical staff has increased from approximately HK\$28.4 per hour in April 2013 to approximately HK\$30.2 per hour in May 2013, with approximately 6.7% increment. The salary payment for the Group's security staff and technicians has increased by approximately 9.0% between April 2013 and May 2013. Meanwhile, the Group's revenue has also increased by approximately 12.4% for the six months ended 30 September 2013 as compared with the six months ended 30 September 2012. It is anticipated that the Group's staff cost will increase for the year ending 31 March 2014.

## **Services Contracts**

During the six months ended 30 September 2013, the management contracts for 3 large estates namely Yue Tin Court, Leung King Estate and Siu Shan Court were awarded to the company adding 10,428 domestic units, 9 non-domestic units and 85 car parking spaces to the property portfolio of the Group. In addition, 7 other property management contracts were also awarded. During the six months ended 30 September 2013, 10 management services contracts and 1 stand-alone security services contract were awarded. As at 30 September 2013, the total number of property management service contracts is 387 and the total number of stand-alone security contracts is 24. The total number of service contracts as at 30 September 2013 is 411.

## **Contract Renewal Complying with Procedural Requirements**

During the six months ended 30 September 2013, 30 out of the total of 411 service contracts were not complying with the procedural requirements in section 20A of the Building Management Ordinance (Cap. 344) and termination notices were served to the clients who failed to follow the procedural requirements. All of the remaining 381 valid contracts as at 30 September 2013 were in compliance with the said procedural requirements or not applicable under the Building Management Ordinance. The senior management adopts tight control system to monitor the full compliance of the procedural requirements. All newly signed contracts during the six months ended 30 September 2013 included the mandatory term requiring the client to follow the procedural requirement for contract renewal (if applicable).

## **Client Accounts**

As at 30 September 2013, the Group was holding 42 client accounts amounting to approximately HK\$19.1 million (as at 31 March 2013: approximately HK\$22.2 million) on trust for and on behalf of customers. These bank accounts are opened in the names of the Group and the relevant property. The management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditure of these customers was paid from these accounts.

## **Performance Bond**

During the six months ended 30 September 2013. The banks issued 15 bond certificates amounting to approximately HK\$16.8 million (as at 31 March 2013: approximately HK\$15.8 million) on behalf of the Group to the clients as required in the service contracts.

## **Outlook**

The property market is expanding. Public opinion voices grave concern over the housing stock production and speeding up of the housing completion in the near future is expected to solve the heavy demand on housing need. It is envisaged that the property management business will expand simultaneously. On the other hand, strong competition and soaring cost resulting from minimum wage revision and inflation cannot be avoided. The Directors are confident that the Group may be benefited from the Listing and may be more aggressive to increase its market share.

## **Liquidity, Financial Resources and Capital Structure**

The Group's total borrowings, mortgages or charges as at 30 September 2013 was approximately HK\$32.3 million (as at March 2013: approximately HK\$39.8 million). As at 30 September 2013, the Group had bank balances and cash of approximately HK\$18.4 million (as at 31 March 2013: approximately HK\$5.6 million). As at 30 September 2013, the Group's net current assets amounted to approximately HK\$13.2 million (as at 31 March 2013: approximately HK\$12.1 million). Current ratio as at 30 September 2013 was approximately 1.17 (as at 31 March 2013: approximately 1.14).

The Group's operations are financed principally by revenues generated from its business operations, available cash and bank balances and bank borrowings.

## **Capital Expenditure**

The Group purchased property, plant and equipment amounting to approximately HK\$0.26 million for the six months ended 30 September 2013 (for the six months ended 30 September 2012: approximately HK\$0.31 million).

## **Capital Commitments**

The Group did not have any significant capital commitments as at 30 September 2013 (as at 31 March 2013: Nil).

## **Gearing Ratio**

The Group's gearing ratio, defined as the total debt (i.e. bank borrowing and finance lease obligation) divided by total equity, as at 30 September 2013 is 127.6% (as at 31 March 2013: 194.4%).

## Foreign Currency Risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. During the six months ended 30 September 2013, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives agreement and did not commit to any financial instruments to hedge its foreign exchange exposure during the six months ended 30 September 2013.

## Major Investment, Acquisitions and Disposals

Save for the Reorganisation, the Group did not have any major investment, acquisitions, and disposals during the six months ended 30 September 2013.

## Charges over Assets of the Group

As at 30 September 2013, certain pledged bank deposits of approximately HK\$5.6 million and the deposits placed for life insurance policies of approximately HK\$7.4 million were pledged to a bank to secure banking facilities granted to the Group. Besides, the Group had certain motor vehicles acquired under finance lease. The carrying value of motor vehicles under finance lease amounted to approximately HK\$0.94 million and approximately HK\$0.7 million as at 31 March 2013 and 30 September 2013 respectively.

The deposits placed for life insurance policies are denominated in US\$, a currency other than the functional currency of the Group.

The following table set out the pledged bank deposits of the Group as at 30 September 2013 and 31 March 2013:

	<b>As at 30 September 2013 HK\$'000 (unaudited)</b>	As at 31 March 2013 HK\$'000 (audited)
Pledged Deposits ( <i>note</i> )	<b><u>15,562</u></b>	<u>15,666</u>

*Note:* Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as at 31 March 2013 and 30 September 2013.

## **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.

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 30 September 2013 and 31 March 2013 are approximately HK\$4.5 million and HK\$4.8 million respectively.

The fair value of the cross guarantees at date of inception is not material and is not recognised in the financial statements.

### **(b) *Performance bond and incorporated owners' fund***

Performance bond has been issued by several banks as the Group keeps certain incorporated owners' funding in the form of client accounts which were held on trust for and on behalf of the customers. These client accounts were not recognised as assets and associated liabilities in the financial statements of the Group. 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 2013 and 30 September 2013, the amounts of outstanding performance bonds were approximately HK\$15.8 million and HK\$16.8 million respectively.

As at 31 March 2013 and 30 September 2013, the aggregate amounts of the bank balances in the client accounts mentioned above were approximately HK\$22.2 million and HK\$19.1 million respectively.



(c) *Legal cases*

In carrying out the ordinary course of its business, the Group is subject to the risk of being named as a party in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group generally include (i) claims for employees' compensation by the Group's employees; (ii) claims for personal injury caused by the negligence of the Group and owners' corporations of the properties by passers-by, residents or other users of the respective properties; (iii) claims for property damage or economic loss caused by the negligence of the Group and owners' corporations of the properties by residents or other users of the respective properties; and (iv) claims for property damage caused by the negligence of individual flat owners by other residents or users of the respective properties. The Group maintains insurance cover and, in the opinion of the directors of the Company, based on current evidence, any such existing claims should be adequately covered by the insurance as at 30 September 2013.

Save as disclosed herein below, as at the date of this report, 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) Kong Shum Union Property Management Company Limited ("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 (the "PL Policy") covers the above accident occurred to the plaintiff; and (ii) save as the insurance company shall not be liable for the first HK\$3,000, the insurance company would have to pay for the claim to the plaintiff pursuant to the PL Policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim. A checklist review hearing is scheduled to be held on 27 January 2014.

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

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

The checklist review hearing had been held on 18 September 2013. The amount of compensation will be assessed by the Court and the Company is unable to assess the quantum of the case. As stated in the statement of damages of the applicant dated 17 April 2013, the maximum amount of the claim made by the applicant is HK\$870,197.35. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is \$200,000,000. The Company's legal adviser as to legal proceedings opined that (i) the EC Policy covers such accident occurred to the applicant; and (ii) the insurance company would have to pay for the employees' compensation and costs of this claim to the applicant pursuant to the EC Policy and is therefore of the view that KSU has no potential liability in this claim.

- (iv) 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 \$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 pre-mature to determine whether the indirect claim against KSU would be substantiated or not; (ii) KSU has a good defence in the third party claims; (iii) the PL Policy does not cover the above accident occurred to the deceased since KSU did not report the accident to the insurance company within the prescribed time limit; and (iv) in the event that the court holds KSU liable to the claim, the maximum amount of potential liability of KSU would be the total amount of the claims, i.e. HK\$4,423,688.53 after deducting the amounts which the scaffolding company and the incorporated owners of the building could convince the court to reduce in their defence to the plaintiffs claim in the main action plus the costs of the proceedings.

Considering that the deceased was not an employee of the Group and that the accident occurred outside the area managed by the Group, the Group did not envisage that KSU would be drawn into this case.

- (v) On 15 July 2013, KSU issued a writ to one of its customers being an owners' corporation (the "defendants"), claiming an amount of HK\$113,958 for the total sum of the fixed service charges as well as expenses incurred by KSU for the management of the property of the Defendant for the period from 1 November 2012 to 31 January 2013. The Defendant filed its defence and counterclaim on 5 September 2013. According to such defence and counterclaim, the Defendant avers that KSU is not entitled to the claim for the said sum on the ground that KSU was in breach of its duties under the management agreement. 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 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.

## **Business Objectives for the Review Period**

### ***Implementation of the Old District Property Management Scheme***

A steering group headed by Mr. Ho Ying Choi, the Executive Director and the Chief Executive Officer and assisted by Mr. Lau Ping Kwan, the associate director of KSU (note) was established. Other members include Mr. Yeung Pui Hung, the senior property manager KSU, the area managers and the representatives from the maintenance department. Mr. Lau and Mr. Yeung were assigned to take up the scheme and monitor the developments of the progress. The group meets bi-weekly to review the progress of the assignments allotted to each regional management teams and to give directives to the frontline property management staff. The district senior property managers have begun approaching local leaders to exchange views on the implementation of the scheme. The field management teams under the supervision of the area managers have recently started canvassing information and responses from potential buildings or clients. Four old districts are accorded with priority and the initial plans are under way and are expected to be drawn by the end of January 2014. The staff of the marketing team are preparing the marketing materials illustrating the highlights of the scheme with an aim to assist the Area Managers to introduce the scheme to the target groups. Simultaneously, the maintenance department is working out the updated works details and workmanship with sub-contractors. It is optimistic that the initial preparation for the scheme will all in place by February 2014 and the implementation of the scheme will be effective from April 2014 as scheduled.

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

## ***Expansion of the Property Management Portfolio***

A working group comprising of Mr. Fong Shek Hung, the associate director KSU (note), Mr. Law Kwok Leung, the district senior property manager and Mr. Mo Kin Keung, the senior estate manager (Member of the Hong Kong Royal Institute Of Charter Surveyor) was established. The working group had already started the feasibility studies on a number of non-domestic property management modules including carparks, shopping complex, government office buildings and educational institutes. Much efforts were endeavoured to work out different business plans in parking facilities and commercial complex with terms of reference focusing on the demand and supply, turn-over rates, market trends, economic forecast, cost effectiveness of automation systems and energy saving equipment and also the promotional strategies. Certain carpark owners were approached and necessary information were collected. It is expected that some potential facilities may be identified before the end of February 2014. Simultaneously, efforts are put to check out the most updated models, cost, operation, maintenance and repairs, technical viability and availability of supplies or shipping time for installing automation or energy saving systems. It is expected that all the necessary information may be in hand by March 2014.

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

## **Use of Proceeds from the Listing**

The actual net proceeds from the issue of new shares of the Company under the placing as set out in the Prospectus were approximately HK\$17.5 million, which was different from the estimated net proceeds of approximately HK\$24.4 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). The Group adjusted the use of proceeds in the same manner and in the same proportion as shown in the Prospectus, and approximately HK\$7.5 million, HK\$4.3 million and HK\$5.7 million were adjusted for i) repayment of bank loans, ii) implementation of old district property management scheme, iii) expansion of the property management portfolio respectively. The Directors had evaluated our business plan and considered that, as at the date of this announcement, no modification of the business plan and future plans regarding the use of proceeds as described in the Prospectus was required. During the period between the LPD and 30 September 2013, there was no usage of the net proceeds from the Listing. Since the successful Listing, the unused net proceeds have been placed as interest bearing deposits with licensed bank in Hong Kong.

## Share Option Scheme

The Company has adopted the share option scheme (the “Scheme”) on 19 September 2013 which will remain in force for a period of 10 years from the effective date of the Scheme and will expire on 10 October 2023. The principal terms of the Scheme are summarised in the section headed “Share Option Scheme” in Appendix IV to the Prospectus.

For the six months ended 30 September 2013, no share option was granted, exercised, expired or lapsed and there is no outstanding share option under the Scheme.

## Reorganisation

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

- (a) On 27 March 2012, KSU transferred 100,000 shares of Kong Shum Union (China) Limited (“KSU China”) to Super Potent Limited, representing the entire issued capital of KSU China at the consideration of HK\$1.00;
- (b) On 15 August 2012, the Company was incorporated in the Cayman Islands as an exempted company. One share of the Company was allotted and issued to Codan Trust Company (Cayman) Limited, the initial subscriber, credited as fully paid, and was transferred to Topgrow on the same date;
- (c) On 10 October 2012, Kong Shum Union Property Management Group Limited (“BVI Company”) was incorporated in the British Virgin Islands (“BVI”). One share of BVI Company was allotted and issued to Topgrow on the same date credited as fully paid;
- (d) On 8 August 2013, BVI Company acquired the entire issued share capital of KSU from Topgrow in consideration of the allotment and issue of a total of ten ordinary shares of BVI Company of US\$1.00 each, all credited as fully paid, to Topgrow;
- (e) On 8 August 2013, BVI Company acquired the entire issued share capital of Q&V from Fortune Trend Investment Limited (“Fortune Trend”) in consideration of the allotment and issue of total of ten ordinary shares of Topgrow of US\$1.00 each, all credited as fully paid, as to 5 ordinary shares of Topgrow to Mr. Ho Ying Choi and 5 ordinary shares of Topgrow to Mr. Ho Ying Cheung;
- (f) On 8 August 2013, BVI Company acquired the entire issued share capital of K-King Cleaning Services Limited from Fortune Trend in consideration of the allotment and issue of total of ten ordinary shares of Topgrow of US\$1.00 each, all credited as fully paid, as to 5 ordinary shares of Topgrow to Mr. Ho Ying Choi and 5 ordinary shares of Topgrow to Mr. Ho Ying Cheung;

- (g) On 8 August 2013, Mr. Ho Ying Cheung transferred 2 ordinary shares of Topgrow to Mr. Ho Ying Choi at the consideration of US\$1.00;
- (h) On 8 August 2013, the Company acquired the entire issued share capital of BVI Company from Topgrow in consideration of the allotment and issue of one Share, credited as fully paid, to Topgrow;
- (i) On 19 September 2013, every one share of the Company of HK\$0.10 was subdivided into ten shares of HK\$0.01 each which resulted in the Company having an authorised share capital of HK\$380,000 divided into 38,000,000 shares capital of HK\$0.2 divided into 20 shares held by Topgrow; and
- (j) On 19 September 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 shares.

## **CORPORATE GOVERNANCE PRACTICES**

The Company endeavours to maintain high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. The Company has complied with the required code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules effective from 11 October 2013 (the "Listing Date") upon the listing of the Company and had complied with the Code since then and up to the date of this announcement.

The Company had complied with the code provisions set out in the Code since the Listing Date up to the date of this report.

### **Compliance with the Required Standard of Dealings in Securities Transactions by Directors**

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company effective from 11 October 2013 upon the Listing. Upon the Group's specific enquiry, each Director confirmed that, he had fully complied with the required standard of dealings and there was no event of non-compliance since its effective date up to the date of this announcement.

## **Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any Associated Corporation**

The Company's shares were listed on the GEM of the Stock Exchange on 11 October 2013. As at 11 October 2013, the interest and short position of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules were as follows:

### **Long positions**

#### **Ordinary share of the Company**

<b>Name</b>	<b>Capacity and nature of interest</b>	<b>Number of shares (note 1)</b>	<b>Percentage of the Company's issued share capital</b>
Ho Ying Cheung (note 2)	Beneficial interest in controlled corporation	300,000,000 (L)	75%
Ho Ying Choi (note 2)	Beneficial interest in controlled corporation	300,000,000 (L)	75%

*Note:*

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. Mr. Ho Ying Cheung and Mr. Ho Ying Choi both Executive Directors of the Company owned 40% and 60% of the shares in Topgrow Holdings Limited respectively. Mr. Ho Ying Cheung and Mr. Ho Ying Choi are deemed to be interested in the shares held by Topgrow Holdings Limited under Part XV of the SFO.

Save as disclosed above, as at 11 October 2013, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.



## Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

The Company's shares were listed on the GEM of the Stock Exchange on 11 October 2013. As at 11 October 2013, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

### Long positions

#### Ordinary shares of the Company

Name	Capacity and nature of interest	Number of shares (note 1)	Percentage of the Company's issued share capital
Topgrow Holdings Limited (note 2)	Beneficial owner	300,000,000 (L)	75%
Ho Ying Cheung (note 2)	Beneficial interest in controlled corporation	300,000,000 (L)	75%
Ho Ying Choi (note 2)	Beneficial interest in controlled corporation	300,000,000 (L)	75%

#### Note:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. Mr. Ho Ying Cheung and Mr. Ho Ying Choi both Executive Directors of the Company owned 40% and 60% of the shares in Topgrow Holdings Limited respectively. Mr. Ho Ying Cheung and Mr. Ho Ying Choi are deemed to be interested in the shares held by Topgrow Holdings Limited under Part XV of the SFO.

Save as disclosed above, as at 11 October 2013, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

#### Purchases, Sales or Redemption of the Company's Listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 September 2013.

## **Contract of significance**

At 30 September 2013, there is no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

## **Compliance Committee**

The Compliance Committee is a committee under the Company's audit committee, is chaired by Mr. Ho Ying Choi, the chief executive officer and comprises Mr. Lau Ping Kwan, the associate director (*note*), Mr. Fong Shek Hung, the associate director (*note*) and Mr. Cheng Kam Hung, the financial controller. The legal adviser, Y.C. Lee Pang, Kwok & Ip Solicitors, is procured to provide legal advices and to attend the committee meeting on need basis. For the six months ended 30 September 2013, five meetings were held and the legal adviser participated in two meetings. The minutes of the meetings were distributed to the legal adviser, Y.C. Lee, Pang, Kwok & Ip Solicitors, and the audit committee members for scrutiny and comment. The committee addresses the matters concerning the compliance of law and regulations, contract terms and litigation cases.

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

## **Safety Committee**

To raise the management's awareness of the workplace health and safety, the Group formed a safety committee comprising Mr. Fong Shek Hung, the associate director of KSU (*note*), and Mr. Law Kwok Leung, a senior property manager of KSU and eight other committee members from (i) property management department; (ii) cleaning department; (iii) security department; (iv) maintenance department; and (v) administration department, and two members appointed by the Safety Consultant. Among eight of the ten members who are the Group's staff, at least five members, including Mr. Fong Shek Hung and Mr. Law Kwok Leung, have more than ten years of experience in property management while two members have more than fifteen years of experience in cleaning and maintenance services industry. The responsibilities of the safety committee are, among other things, to establish the Group's workplace health and safety management system, formulate and implement the internal health and safety policies, and arrange staff trainings. The safety committee holds monthly meetings to review the effectiveness of the system. The Group engages an external safety consultancy firm (the "Safety Consultant") for the review and recommendation in respect of safety in buildings managed by the Group. For the six months ended 30 September 2013, the committee held 3 meetings, and 2 buildings or estates were reviewed by the Safety Consultant.

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## **Board Diversity Policy**

The policy aims to set out the approach to achieve diversity on the Company’s board of directors. The Company recognises and embraces the benefits of having diverse Board to enhance the quality of its performance. The details of the policy are available on the Company’s website.

## **Procedures for Shareholders to propose a person for election as a Director**

Any Shareholder of the Company who wishes to propose a person other than a retiring director of the Company and other than the shareholder himself/herself for election as Director at a general meeting of the Company should follow the procedures available on the Company’s website.

## **Major Shareholders**

Topgrow is a company incorporated in the BVI with limited liability in November 2001. After completion of the Capitalisation Issue and the Placing, it beneficially owns 75% of the entire issue capital of the Company. Topgrow is owned as to 60% by Mr. Ho Ying Choi and 40% by Mr. Ho Ying Cheung respectively. The Group was founded by Mr. Ho Ying Cheung and other then shareholders in 1984. Mr. Ho Ying Choi joined KSU as a director in 1992.

## **Competing Interests**

The Directors confirm that none of the Controlling Shareholders or Directors and their respective associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group’s business.

## **Audit Committee**

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Tong Sze Chung (chairman of the audit committee), Mr. Wong Tsz Ho and Mr. Cheung Kwong Wai.

The unaudited condensed financial information of the Company for the six months ended 30 September 2013 has been reviewed by the audit committee. The audit committee is of the opinion that such financial information complies with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosure have been made.

### **Interests of the Compliance Adviser**

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 30 September 2013, except for (i) Ample Capital Limited's participation as the sponsor and its affiliated company, Ample Orient Capital Limited as the lead manager in relation to the Listing; and (ii) the compliance adviser agreement entered into between the Company and Ample Capital Limited dated 27 September 2013, neither Ample Capital Limited or its directors, employees or associates had any interest in relation to the Group.

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

Hong Kong 8 November 2013

*As at the date of this announcement, the executive directors of the Company are Mr. Ho Ying Cheung and Mr. Ho Ying Choi, the non-executive director is Mr. Kam Tak Yeung,; and the independent non-executive directors of the Company are Mr. Cheung Kwong Wai, Mr. Tong Sze Chung and Mr. Wong Tsz Ho.*

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for a minimum period of 7 days from the date of its publication and on the Company's website at [www.kongshum.com.hk](http://www.kongshum.com.hk)*