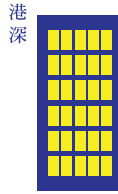


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Kong Shum Union Property Management (Holding) Limited

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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

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.

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 GEM (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.

The board of directors (the "Board") of the Company is pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015, together with the audited comparative figures for the corresponding year in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2015

	<i>Note</i>	2015 HK\$	2014 <i>HK\$</i>
Revenue	5	339,721,845	324,981,419
Cost of services		<u>(269,280,141)</u>	<u>(258,781,554)</u>
Gross profit		70,441,704	66,199,865
Other revenue	6	349,850	279,302
Administrative expenses		(44,121,824)	(37,980,447)
Other operating expenses		(18,717,508)	(19,774,608)
Finance costs	7	<u>(658,207)</u>	<u>(1,104,542)</u>
Profit before tax	8	7,294,015	7,619,570
Income tax expense	9	<u>(2,319,591)</u>	<u>(2,591,189)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>4,974,424</u>	<u>5,028,381</u>
Earnings per share-basic	10	<u>0.012</u>	<u>0.014</u>
Earnings per share-diluted	10	<u>0.012</u>	<u>0.014</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2015

	<i>Note</i>	2015 HK\$	2014 HK\$
Non-current assets			
Property, plant and equipment		4,024,459	2,067,728
Deposits placed for life insurance policies		7,746,484	7,526,068
Deferred tax assets		2,056,504	2,233,910
		13,827,447	11,827,706
Current assets			
Trade and other receivables	<i>11</i>	46,504,347	52,370,304
Pledged bank deposits		4,962,271	15,896,023
Income tax refundable		692,172	–
Cash and bank balances		34,576,349	35,899,808
		86,735,139	104,166,135
Current liabilities			
Trade and other payables	<i>12</i>	42,473,654	41,610,134
Amount due to ultimate holding company	<i>13(a)</i>	1,657,151	–
Obligations under finance lease		302,931	352,644
Income tax payable		–	926,649
Bank borrowings – secured		16,711,730	19,333,599
		61,145,466	62,223,026
Net current assets		25,589,673	41,943,109
Total assets less current liabilities		39,417,120	53,770,815
Non-current liabilities			
Obligations under finance lease		130,217	203,696
Net assets		39,286,903	53,567,119
Capital and reserves			
Share capital	<i>14</i>	4,000,000	4,000,000
Reserves		35,286,903	49,567,119
Total equity		39,286,903	53,567,119

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2015

	Note	Attributable to the owners of the Company						Total HK\$
		Share capital HK\$	Share premium HK\$	Share option reserve HK\$	Merger reserve HK\$	Retained profits HK\$	Total reserve HK\$	
At 1 April 2013		4,750,108	-	-	-	15,700,683	15,700,683	20,450,791
Arising from the reorganisation	14(b)	(4,750,108)	-	-	4,750,108	-	4,750,108	-
Capitalisation issue	14(e)	3,000,000	(3,000,000)	-	-	-	(3,000,000)	-
Placing of shares	14(f)	1,000,000	32,000,000	-	-	-	32,000,000	33,000,000
Expenses incurred in connection with the placing of shares		-	(4,912,053)	-	-	-	(4,912,053)	(4,912,053)
Profit and total comprehensive income for the year		-	-	-	-	5,028,381	5,028,381	5,028,381
At 31 March 2014 and 1 April 2014		4,000,000	24,087,947	-	4,750,108	20,729,064	49,567,119	53,567,119
2014 final dividends paid	15	-	-	-	-	(20,000,000)	(20,000,000)	(20,000,000)
Recognition of share-based payments		-	-	745,360	-	-	745,360	745,360
Profit and total comprehensive income for the year		-	-	-	-	4,974,424	4,974,424	4,974,424
At 31 March 2015		<u>4,000,000</u>	<u>24,087,947</u>	<u>745,360</u>	<u>4,750,108</u>	<u>5,703,488</u>	<u>35,286,903</u>	<u>39,286,903</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2015

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 22/F, Blink Building, No. 111 Bonham Strand, Sheung Wan, Hong Kong.

The Company's shares were listed on the GEM of the Stock Exchange 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.

In the opinion of the Directors of the Company, as at 31 March 2015, Wiser Capital Management Limited, a company incorporated in the Cayman Islands, is the ultimate parent and Mr. Liu Dan is the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which in collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which concern the preparation of financial statements, which for the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules.

These financial statements have been prepared under the historical cost convention. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

3. ADOPTION OF NEW AND REVISED HKFRSs AND REQUIREMENTS

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2014 consolidated financial statements. The adoption of the new and revised HKFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

(a) Application of new and revised HKFRSs

The following standards have been adopted by the Group for the first time for the financial year beginning 1 April 2014:

Amendments to HKAS 32, Offsetting financial assets and financial liabilities

This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group financial statements.

(b) New Hong Kong Companies Ordinance

The requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company’s first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The impact of the change in the Companies Ordinance is unlikely to be significant and only the disclosure of information in the consolidated financial statements will be affected.

(c) New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2014:

HKFRS 9	Financial instruments ¹
HKFRS 15	Revenue from contracts with customers ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ⁴
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations ⁴
Amendments to HKAS 1	Disclosure initiative ⁴
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation ⁴
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants ⁴

Amendments to HKAS 19	Defined benefit plans: Employee contributions ³
Amendments to HKAS 27	Equity method in separate financial statements ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2010–2012 cycle ⁵
Amendments to HKFRSs	Annual improvements to HKFRSs 2011–2013 cycle ⁵
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle ⁴
HKFRS 14	Regulatory Deferral Accounts ⁴

¹ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

⁴ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁵ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

The Group is in the process of assessing, where applicable, the potential effect of all new and revised HKFRSs that will be effective in future periods but is not yet in a position to conclude whether these new and revised HKFRSs would have a material impact on its results and financial position.

4. 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 5 below. No customer accounted for 10% or more of the total revenue for the years ended 31 March 2015 and 2014.

During the two years ended 31 March 2015 and 2014, all revenue is derived from customers in Hong Kong and the Group's non-current assets as at 31 March 2015 and 2014 are all located in Hong Kong.

5. REVENUE

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

	2015	2014
	HK\$	HK\$
Provision of property management services	<u>339,721,845</u>	<u>324,981,419</u>

6. OTHER REVENUE

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Bank interest income	1,390	3,052
Interest income from deposits placed for life insurance policies	289,710	242,412
Sundry income	58,750	33,838
	<u>349,850</u>	<u>279,302</u>

7. FINANCE COSTS

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Interest on:		
Bank borrowings wholly repayable within five years	629,040	1,062,056
Finance lease charges	29,167	42,486
	<u>658,207</u>	<u>1,104,542</u>

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Auditor's remuneration	500,000	573,504
Depreciation of property, plant and equipment	1,214,263	1,418,751
Equity-settled consultancy fees	116,160	–
Legal and professional fees	5,111,092	1,545,531
Operating lease rentals in respect of premises	2,727,837	1,976,270
Staff costs including directors' remuneration		
– salaries, wages and other benefits	280,909,792	264,976,482
– equity-settled share-based payments	629,200	–
– contributions to retirement benefit scheme	9,173,858	9,107,107
	<u>9,173,858</u>	<u>9,107,107</u>

9. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2014: 16.5%) based on the estimated assessable profits during the year.

	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Current income tax		
Hong Kong Profits Tax		
– Provision for the year	2,191,964	2,911,317
– Over-provision in prior years	(49,779)	(108,522)
	2,142,185	2,802,795
Deferred tax assets		
– Origination and reversal of temporary differences	150,226	(244,225)
– Under-provision in prior years	27,180	32,619
Total tax charge for the year	2,319,591	2,591,189

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

	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Profit before tax	7,294,015	7,619,570
Notional tax on profit before tax, calculated at current tax rate of 16.5% (2014: 16.5%)	1,203,512	1,257,229
Tax effect of non-deductible expenses	1,190,166	1,548,114
Tax effect of non-taxable revenue	(51,488)	(138,251)
Over-provision in prior years	(49,779)	(108,522)
Temporary differences not recognised in prior years	27,180	32,619
Income tax expense	2,319,591	2,591,189

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the consolidated profit for the year attributable to owners of the Company of HK\$4,974,424 (2014: HK\$5,028,381) and the weighted average number of ordinary shares of 400,000,000 (2014: 374,123,288) in issue during the year.

Diluted earnings per share

The effects of the Company's outstanding share options as at 31 March 2015 do not give rise to any dilution effect to the earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Trade receivables	42,112,145	48,288,078
Deposits, prepayments and other receivables	4,392,202	4,082,226
	<u>46,504,347</u>	<u>52,370,304</u>

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

The Group does not grant credit terms to its customers (2014: Nil). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed by the directors regularly.

The aging analysis of trade receivables, based on the due date, is as follows:

	2015 <i>HK\$</i>	2014 <i>HK\$</i>
Overdue by:		
1-30 days	27,356,487	27,976,719
31-60 days	9,395,052	11,589,615
61-90 days	2,457,666	2,947,035
over 90 days	2,902,940	5,774,709
	<u>42,112,145</u>	<u>48,288,078</u>

Trade receivables of HK\$42,112,145 (2014: HK\$48,288,078) that were past due but not considered impaired. These relate to a number of independent customers for whom there are no recent history of default.

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

	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Other receivables due from other parties	752,325	1,276,818
Deposits	2,654,509	1,939,502
Prepayments	985,368	865,906
	<u>4,392,202</u>	<u>4,082,226</u>

12. TRADE AND OTHER PAYABLES

	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
Trade payables	1,161,971	1,199,455
Building management deposits received	3,847,372	2,919,048
Sundry creditors and accruals (<i>note a</i>)	32,266,298	31,347,993
Provision for long service payment (<i>note b</i>)	5,198,013	6,143,638
	<u>42,473,654</u>	<u>41,610,134</u>

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

An aging analysis of the trade payables is as follows:

	2015	2014
	<i>HK\$</i>	<i>HK\$</i>
0-30 days	<u>1,161,971</u>	<u>1,199,455</u>

Notes:

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

	2015	2014
	HK\$	HK\$
Accrued staff cost and staff benefit	18,091,763	17,321,639
Accrued staff bonus and annual leave	7,610,081	7,035,696
Other accrued expenses	1,331,109	781,982
Other payables due to customers	–	793,654
Other payables due to other parties	5,233,345	5,415,022
	<u>32,266,298</u>	<u>31,347,993</u>

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

	2015	2014
	HK\$	HK\$
At beginning of the year	6,143,638	5,446,638
Provision made during the year	1,732,622	1,423,194
Paid during the year	(2,678,247)	(726,194)
At end of the year	<u>5,198,013</u>	<u>6,143,638</u>

13. RELATED PARTIES TRANSACTIONS AND BALANCES

The Group had the following material transactions and balances with its related parties during the year/at the end of reporting period:

	2015	2014
	HK\$	HK\$
(a) Balance with a related party		
– Amount due to ultimate holding company		
– Wiser Capital Management Limited	<u>1,657,151</u>	<u>–</u>
(b) Related parties transactions		
(i) Rental expenses paid to a related company		
– More Rise Investment Limited (“More Rise”)	<u>276,000</u>	<u>252,000</u>
(ii) Directors		
– Compensation of key management personnel	<u>6,122,608</u>	<u>4,051,464</u>

14. SHARE CAPITAL

	2015		2014	
	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	380,000.00
As at 1 April	5,000,000,000	50,000,000	-	-
Subdivision of shares (<i>note (c)</i>)	-	-	34,200,000	-
Increase during the year (<i>note (d)</i>)	-	-	4,962,000,000	49,620,000.00
	<u>-</u>	<u>-</u>	<u>4,962,000,000</u>	<u>49,620,000.00</u>
As at 31 March	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>5,000,000,000</u>	<u>50,000,000.00</u>
Issued and fully paid:				
Upon incorporation (<i>note (a)</i>)	-	-	-	-
As at 1 April	400,000,000	4,000,000	1	0.10
Issue of shares on reorganisation (<i>note (b)</i>)	-	-	1	0.10
Subdivision of shares (<i>note (c)</i>)	-	-	18	-
Issue of shares upon:				
Capitalisation issue (<i>note (e)</i>)	-	-	299,999,980	2,999,999.80
Placing of shares (<i>note (f)</i>)	-	-	100,000,000	1,000,000.00
	<u>-</u>	<u>-</u>	<u>100,000,000</u>	<u>1,000,000.00</u>
As at 31 March	<u>400,000,000</u>	<u>4,000,000</u>	<u>400,000,000</u>	<u>4,000,000.00</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 Kong Shum Union Property Management Group Limited from Topgrow Holdings Limited (“Topgrow”), the then ultimate parent of the Company, 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 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 of capitalisation of the sum of HK\$2,999,999.80 standing to the credit of the share premium account of the Company, had been issued, allotted and credited as fully paid at par to the shareholders as appeared on the register of members of the Company at close of business of 18 September 2013 (the “Capitalisation”). Following the Capitalisation, the issued share capital of the Company was 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.

15. DIVIDENDS

No dividend was paid or proposed for the year ended 31 March 2015, nor has any dividend been proposed since the end of the reporting period. (2014: HK\$20,000,000 final dividend of HK5 cents per share)

16. CONTINGENT LIABILITIES

(a) Financial guarantees issued

The Group had provided guarantee to a bank in respect of a bank loan obtained by Fortune Trend Investment Limited with an outstanding amount of approximately HK\$8.7 million as at 31 March 2014. The financial liabilities in respect to the aforementioned guarantee had not been recognised as at 31 March 2014 as the amount was immaterial to the consolidated financial statements of the Group. The captioned financial guarantee to Fortune Trend had been released as at 31 March 2015.

(b) Performance bond and incorporated owners’ fund

Performance bond has been issued by several banks as the Group maintains certain incorporated owners’ funds in the form of client accounts which were held on trust for and on behalf of the incorporated owners. These client accounts are not recognised as assets and associated liabilities in the financial statements of the Group. At the end of 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 2015, the amounts of outstanding performance bond was approximately HK\$18.2 million (2014: HK\$16.9 million).

As at 31 March 2015, the aggregate amount of the bank balances in the client accounts not dealt with in the consolidated financial statements of the Group is approximately HK\$21.1 million (2014: HK\$18.0 million).

(c) Legal cases

In carrying out the ordinary course of business, the Group is subject to the risk of being named as defendant 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 have no material financial impact to the Group as at 31 March 2015.

17. EVENTS AFTER THE REPORTING PERIOD

- a) On 11 May 2015, the board of directors of the Company announced that the Company has on 10 May 2015 entered into a memorandum of understanding with All Profit Alliance Limited ("All Profit"), an independent third party in relation to a proposed business cooperation in jointly (i) developing a mobile application, namely, "Yes Master!", which aims to provide one-stop household support to its users to gain access to a number of value-added services surrounding their households, in the areas of market place, social networking, resident bulletin and community services; and (ii) setting up a two-way communication internet platform among the property management companies, incorporated owners, service providers and its users in any building or property estates in Hong Kong.

On 21 June 2015, the Company, All Profit and Capital Creation (BVI) Limited ("Capital Creation"), as the shareholder of All Profit after the reorganisation including (i) transfer of one share of All Profit from the sole shareholder to Capital Creation; and (ii) the issue and allotment of 89 new shares of All Profit to Capital Creation at par (the "Reorganisation"), entered into a subscription and shareholders' agreement (the "Subscription and Shareholders' Agreement"), pursuant to which All Profit has agreed to issue, and the Company has agreed to subscribe for 10 new shares of All Profit at an aggregated subscription price of HK\$13 million (the "Subscription Shares"), representing 10% of the issued share capital of All Profit as enlarged by the allotment and issue of Subscription Shares (the "Share Subscription").

The completion of the Share Subscription is subject to the fulfillment of the conditions as set out in the Subscription and Shareholders' Agreement including (i) the Reorganisation has been completed; and (ii) the Company completed and is satisfied with the results of the due diligence review on the business of All Profit.

As of the approval date on the financial statements of the Company, the Share Subscription is under progress and not yet concluded. Details of above are disclosed in the Company's announcements dated 11 May 2015 and 22 June 2015 respectively.

- b) On 9 June 2015, the Company and an independent third party Madam Lau, Anna Siu Fun (the “Subscriber”), entered into a subscription agreement (the “Subscription Agreement”), under which the Subscriber has conditionally agreed to subscribe for zero-coupon convertible notes (“CNs”) to be issued by the Company at principal amount of HK\$20,000,000 (the “Subscription”).

The CNs have maturity after 3 months from the date of issue, the Subscriber will be entitled to convert the whole or part of the principal amount of the CNs during the conversion period into shares of the Company in amounts of not less than a whole multiple of HK\$1,000,000 on each conversion at conversion price of HK\$1.32 per each share of the Company. Within seven business days immediately before the maturity of the CNs, the Company shall be entitled to request the Subscriber to mandatorily convert the entire outstanding principal amount of the CNs into shares of the Company.

The Subscription was completed on 19 June 2015 following approval has been obtained from the Stock Exchange. Details of above are disclosed in the Company’s announcements dated 9 June 2015 and 19 June 2015 respectively.

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 year ended 31 March 2015, the Group provided property security services for 28 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

Summary Financial Performance

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	Change
Revenue	339,722	324,981	4.5%
Cost of services	(269,280)	(258,781)	4.1%
Gross Profit	70,442	66,200	6.4%
Gross profit margin	20.7%	20.4%	n/a
Other revenue	349	279	25.1%
Administrative expenses	(44,122)	(37,980)	16.2%
Other operating expenses	(18,717)	(19,775)	-5.4%
Finance costs	(658)	(1,105)	-40.5%
Profit before tax	7,294	7,619	-4.3%
Income tax expense	(2,320)	(2,591)	-10.5%
Profit attributable to owners of the Company	4,974	5,028	-1.1%
Net profit margin	1.5%	1.5%	n/a

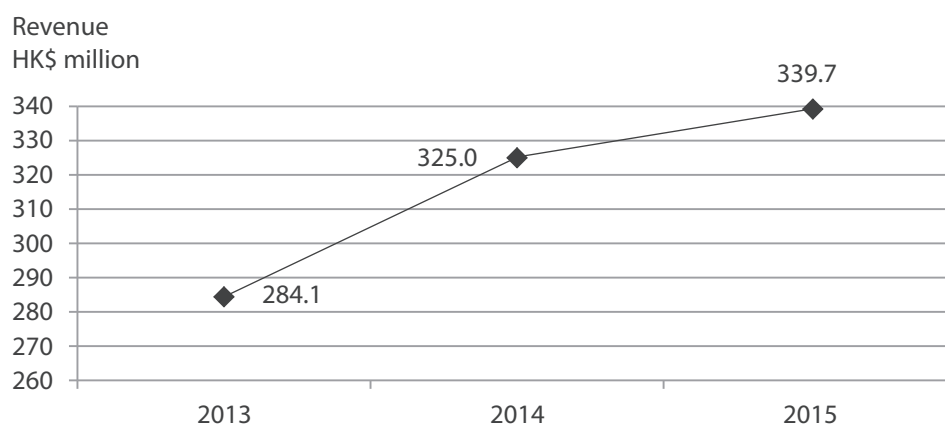
Revenue

For the years ended 31 March 2014 and 2015, all of the Group's revenue was derived from its operation in Hong Kong. The Group derived revenue of approximately HK\$20.7 million and HK\$20.1 million respectively from stand-alone security services contracts for the years ended 31 March 2014 and 2015 respectively, representing approximately 6.4% and 5.9% of its total revenue. The following table sets out the Group's revenue by contract type for the years ended 31 March 2014 and 2015:

	2015		2014	
	<i>HK\$' million</i>	<i>percentage</i>	<i>HK\$' million</i>	<i>percentage</i>
Property management services contracts	319.6	94.1%	304.3	93.6%
Property security services contracts	20.1	5.9%	20.7	6.4%
	339.7	100%	325.0	100%

The Group's revenue improved by approximately 4.5% from approximately HK\$325.0 million for the year ended 31 March 2014 to approximately HK\$339.7 million for the year ended 31 March 2015. The increase was primarily attributable to the growth of revenue generated from property management services contracts, increasing by approximately 5.0% to approximately HK\$319.6 million for the year ended 31 March 2015. The increase in revenue was mainly driven by the number of management service contracts increased. During the year, the number of management service contracts obtained by the Group had been increased by 8 from 411 during the year ended 31 March 2014 to 419 for the year ended 31 March 2015. Revenue generated from security services contracts recorded a decrease of approximately 2.9% to approximately HK\$20.1 million for the year ended 31 March 2015.

The following graph sets out the revenue for the years ended 31 March 2013, 2014 and 2015.



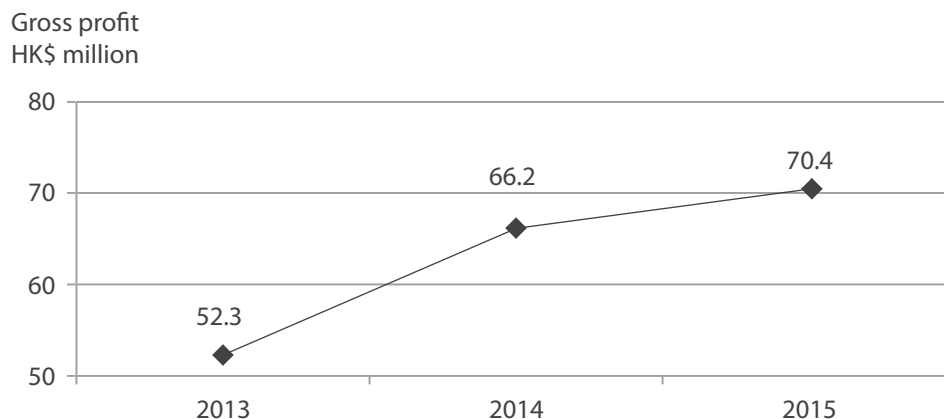
Cost of services

The total cost of services amounted to approximately HK\$258.8 million and HK\$269.3 million for the years ended 31 March 2014 and 2015 respectively, representing approximately 79.6% and 79.3% respectively of the Group's revenue. The increase of the cost of services during the year of approximately 4.1% was mainly due to the increase on the average salaries of the Group's front-line staff.

Gross Profit

The gross profit of the Group increased by approximately 6.4% from approximately HK\$66.2 million for the year ended 31 March 2014 to approximately HK\$70.4 million for the year ended 31 March 2015. The gross profit margin was approximately 20.4% and 20.7% for years ended 31 March 2014 and 2015 respectively. The Group negotiated and adjusted the service fees in order to reflect the increase in costs and to maintain a growth on the gross profit margin.

The following graph sets out the gross profit for the years ended 31 March 2013, 2014 and 2015.



Profit attributable to owners of the Company

The profit attributable to owners was slightly decreased by approximately 1.1% from approximately HK\$5.03 million for the year ended 31 March 2014 to approximately HK\$4.97 million for the year ended 31 March 2015, and the net profit margin remain unchange with approximately 1.5% percentage for the years ended 31 March 2014 and 2015 respectively.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2015 were approximately HK\$44.1 million (2014: approximately HK\$38.0 million), representing an increase of approximately 16.2% compared to the corresponding period in 2014. This was mainly attributable to the increase in staff cost including staff salaries, bonus, Directors' emoluments and rentals incurred during the year.

Other operating expenses

The Group's other operating expenses for the year ended 31 March 2015 were approximately HK\$18.7 million (2014: approximately HK\$19.8 million), representing a decrease of approximately 5.4% compared to the corresponding period in 2014. The decrease was mainly due to the decrease in Listing expenses, donation and depreciation incurred during the year.

Liquidity, Financial Resources and Capital Structure

For the year ended/as at
31 March

	2015 HK\$'000	2014 HK\$'000
Financial position		
Current assets	86,735	104,166
Current liabilities	61,145	62,223
Net current assets	25,590	41,943
Total assets	100,563	115,994
Bank borrowings and obligations under finance lease	17,145	19,890
Bank balances and cash	34,576	35,900
Total equity	39,287	53,567
Key ratios		
Return on equity (1)	10.7%	13.6%
Return on assets (2)	4.6%	4.5%
Current ratio (3)	1.42 times	1.67 times
Gearing ratio (4)	43.6%	37.1%
Net Debt to equity ratio (5)	0%	0%
Debtors turnover day (6)	48.6 days	51.6 days
Creditors turnover day (7)	26.2 days	27.1 days

Notes:

- Return on equity is calculated as the profit for the year divided by average total equity.
- Return on assets is calculated as the profit for the year divided by average total assets.
- Current ratio is calculated as the current assets divided by current liabilities.
- Gearing ratio is calculated as the total debt divided by total equity. For the avoidance of doubt, total debt represents bank borrowing and finance lease obligation.
- Net debt to equity ratio is calculated as the total debt net of cash and bank balances and divided by total equity. For the avoidance of doubt, total debt represents bank borrowing and finance lease obligation.
- Debtors' turnover day is calculated as average trade receivables divided by revenue times number of days in the period.
- Creditors' turnover day is calculated as average trade payables divided by cost of services times number of days in the period.

The Group maintained sufficient working capital as at 31 March 2015 with bank balances and cash of approximately HK\$34.6 million (2014: approximately HK\$35.9 million).

As at 31 March 2015, the Group had bank borrowings and obligations under finance lease of approximately HK\$17.1 million (2014: approximately HK\$19.9 million).

As at 31 March 2015, the Group's net current assets amounted to approximately HK\$25.6 million (2014: approximately HK\$41.9 million). The Group's operations are financed principally by revenue generated from its business operations, available cash and bank balances and bank borrowings.

Return on equity

The return on equity dropped from approximately 13.6% for the year ended 31 March 2014 to approximately 10.7% for the year ended 31 March 2015, mainly due to the increase on average total equity after the placing of shares upon listing which enlarged the Company's equity for the last reporting period.

Return on assets

The return on assets was slightly increased from approximately 4.5% for the year ended 31 March 2014 to approximately 4.6% for the year ended 31 March 2015.

Current ratio

The Group's current ratio dropped from approximately 1.67 times as at 31 March 2014 to approximately 1.42 times as at 31 March 2015 mainly due to the payment of HK\$20 million final dividend during the year ended 31 March 2015.

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 31 March 2015 is approximately 43.6% (2014: approximately 37.1%). The total bank borrowings decreased from approximately HK\$19.3 million as at 31 March 2014 to approximately HK\$16.7 million as at 31 March 2015 as the Group settled the bank loan during the reporting period. On the other hand, the Group's total equity decreased significantly during the year ended 31 March 2015 due to the final dividend payment in the amount of HK\$20 million.

Net debt to equity ratio

The Group's net debt to equity ratio was 0% as at 31 March 2014 and 31 March 2015 which indicates that the Group's has sufficient cash and bank balances for debts repayment.

Debtors' turnover day

The debtors' turnover day decreased from approximately 51.6 days for the year ended 31 March 2014 to approximately 48.6 days for the year ended 31 March 2015 under the monitor of the recoverability on trade debtors.

Creditors' turnover day

The creditors' turnover day was slightly decreased from approximately 27.1 days for the year ended 31 March 2014 to approximately 26.2 days for the year ended 31 March 2015. The decrease was due to the early settlement to some creditors.

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2015.

OPERATION REVIEW

Outlook

The number of property in Hong Kong market is increasing. Public opinion voices concern over the housing stock production and the speeding up of the housing completion in the near future is expected to solve the heavy demand on housing. It is envisaged that the property management business will expand simultaneously. On the other hand, even though strong competition and soaring cost resulting from minimum wage revision and inflation are unavoidable, the Directors are confident that the Group is in an appropriate stage to increase its market share after the listing of the Company's shares on the Stock Exchange.

Human resources

As at 31 March 2015, the Group had a total of 2,109 employees. The Group's staff costs for the year ended 31 March 2015 amounted to approximately HK\$290.7 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 of the Group by reference to the Group's results and individual performance.

Services contracts

Due to the well-established team and project planning, during the year ended 31 March 2015, 11 facility management service contracts for non-domestic property management segment which include 6 shopping complexes, 4 educational institutes and 1 empty bay were awarded to the Group. In addition, 26 property management contracts and 1 stand-alone security service contract were awarded to the Group during the period under review. The success in securing the contracts gives the Group confidence to expand the property management portfolio continuously.

As at 31 March 2015, there are in total 419 service contracts (covering around 90,000 households) comprising 396 property management service contracts, 12 stand-alone security service contracts and 11 facility management service contracts.

Contract renewal complying with procedural requirements

A service contract which does not comply with the procedural requirements for contract renewal as stipulated in section 20A of the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) may be cancelled by the owners' corporation. For the 419 contracts in force as at 31 March 2015, 13 service contracts are not in strict compliance with the said contract renewal requirements, hence, termination notice were served on clients involving in these contracts. All of the remaining 406 valid contracts as at 31 March 2015 were in compliance with the said procedural requirements or not applicable under the Building Management Ordinance. The senior management adopts a tight control system to monitor the full compliance of the procedural requirements. All newly signed contracts during the year ended 31 March 2015 included the mandatory term requiring the client to follow the said procedural requirements (if applicable).

Client accounts

As at 31 March 2015, the Group holds 52 client accounts amounting to approximately HK\$21.1 million (2014: approximately HK\$18.0 million) on trust for and on behalf of clients. These client 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 clients were paid from these client accounts.

Performance bond

As at 31 March 2015, banks issued 13 bond certificates amounting to approximately HK\$18.2 million (2014: approximately HK\$16.9 million) on behalf of the Group to clients as required in their service contracts.

Capital expenditure

The Group purchased property, plant and equipment amounting to approximately HK\$3.2 million for the year ended 31 March 2015 (2014: approximately HK\$0.4 million).

Capital commitments

The Group did not have any significant capital commitments as at 31 March 2015 and 31 March 2014.

Contingent liabilities

Details of contingent liabilities of the Group are set out in note 16 to the consolidated annual results.

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 year ended 31 March 2015, 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 arrangement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2015.

Major investment, acquisitions and disposals

Save as disclosed in note 17(a) above, the Group did not have any major investment, acquisition or disposal during the year ended 31 March 2015.

Charges over assets of the Group

As at 31 March 2015, certain bank deposits of approximately HK\$5.0 million (2014: HK\$15.9 million) and the deposits placed for life insurance policies of approximately HK\$7.7 million (2014: HK\$7.5 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\$1.0 million and approximately HK\$0.8 million as at 31 March 2014 and 2015 respectively.

The deposits placed for life insurance policies are denominated in United States dollars, a currency other than the functional currency of the Group.

Change of Controlling Shareholders, General Offer and change of Directors

The Company and the Wiser Capital Management Limited ("Offeror") jointly announced on 27 November 2014, among other things, that on 20 November 2014, the Offeror, Topgrow, Mr. Ho Ying Cheung and Mr. Ho Ying Choi entered into a sale and purchase agreement (the "Share Purchase Agreement"), pursuant to which the Offeror agreed to acquire, and Topgrow agreed to sell the sale shares (the "Sale Shares") which represent 75% of the existing entire issued share capital of the Company as at the date of the Share Purchase Agreement at the consideration of HK\$183,750,000 (equivalent to HK\$0.6125 per Sale Share). The Offeror was wholly-owned by Mr. Liu Dan. The completion of the Share Purchase Agreement took place on 25 November 2014.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, an independent board committee, comprising all the 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, was formed to advise the independent Shareholders as to whether the Offer is fair and reasonable and as to the acceptance of the Offer.

Upon the completion of the Share Purchase Agreement on 25 November 2014, the Offeror became the owner of 75% of the existing entire issued share capital of the Company, and accordingly, as at the date of announcement on 9 January 2015, the Offeror was required to make an unconditional mandatory cash offer (the “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 Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”). Kingston Securities Limited made the Offer for and on behalf of the Offeror in accordance with Rule 26.1 of the Takeovers Code.

The offer price (the “Offer Price”) of HK\$0.6125 per offer Share in respect of which the Offer is made was the same as the price per Sale Share paid by the Offeror to Topgrow under the Share Purchase Agreement. As the Offeror, Mr. Liu Dan and parties acting in concert with any of them were interested in 300,000,000 Shares as at the latest practicable date prior to the printing of the composite offer and response document jointly issued by the Offeror and the Company on 9 January 2015 (the “Composite Offer Document”), 100,000,000 Shares were subject to the Offer and the total consideration of the Offer would be approximately HK\$61,250,000 based on the Offer Price.

Before the Offer, 7 Directors tendered their resignations to the Board but each of them 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 Ying Choi and Mr. Shum Lok To, who have not tendered their resignations will remain in the Board after completion of the Offer. With effect from 21 January 2015, Mr. Liu Dan was appointed as an Executive Director of the Company.

Close of the Offer and the Level of Acceptance

The Board and the Offeror jointly announced that the Offer made by Kingston Securities Limited on behalf of the Offeror was closed at 4:00 p.m. on Monday, 2 February 2015.

As at 4:00 p.m. on Monday, 2 February 2015, being the latest time and date for acceptance of the Offer as set out in the Composite Offer Document, the Offeror has not received any valid acceptances of the Shares under the Offer. The Offer has not been revised or extended.

Major shareholders

Wiser Capital Management Limited is an investment holding company and is beneficially and wholly owned by Mr. Liu Dan. The principal activity is investment holding and the principal assets are its equity interest in the Company. Mr. Liu Dan is the sole shareholder and sole director of Wiser Capital Management Limited.

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as set out in the Prospectus for the period from 20 September 2013, being the latest practicable date as defined in the Prospectus (“LPD”), to 31 March 2015 (the “Review Period”) with the Group’s actual business progress for the Review Period is set out as follows:

	Business objectives stated in the Prospectus	Actual business progress
Expansion of the property management portfolio	<ul style="list-style-type: none">– Hire additional professional as maintenance surveyors and building services engineers;– Establish a new property management team with one property manager, one executive manager and two administrative staff;– Prepare promotional materials;– Commence provision of management services to six new non-residential properties	<p>During the period, one Property and Facility Management Division Surveyor was hired and some engineers will join the working group in future.</p> <p>Subsequent to the formation of the working group comprising of different professionals, such as the Registered Housing Managers and the Chartered Surveyors, the Group has taken part in tendering of various non-domestic property management contracts including carparks, shopping complex, government office building and educational institute, etc.</p> <p>During the period, the Group has commenced provision of management services from different private and public sectors including:-</p> <ul style="list-style-type: none">– St. Fancis of Assis Caritas School;– May Shing Court of Housing Department;– Full Shing Plaza, Yuen Long;– U-Town Shopping Arcade;– King’s Park Lane;– The Hong Kong International Theme Parks Ltd.

**Business objectives
stated in the Prospectus**

Actual business progress

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

The success in acquiring the above-mentioned contracts is encouraging and has proved our efforts for the past year. The Group has great confidence in exploring and expanding the Company's pre-determined goal of facilities management portfolio continuously in the future.

In order to provide better services, additional equipment will be provided to the expanded customer portfolio after further investigation on the demand and cost.

To attract potential carpark clients, the Group has formulated business plans on operation, demand and supply, cost effectiveness, energy-saving, equipment and promotional strategy etc. Most of these plans are being reviewed by the potential clients.

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

To further expand our property management portfolio, staff of the marketing team will continue to take part in tendering of various non-residential property management contracts which include the Kai Fuk Industrial Centre (Kowloon Bay) the Wang Lung Industrial Building (Tsuen Wan) and The Jade Plaza (Jordan).

Implementation of the old district property management scheme

A group of old tenement buildings in To Kwa Wan, which were renovated a few years ago, were found having structural damages in August 2013. The Buildings Department officials inspected the buildings immediately and promptly declared the buildings dangerous. Occupants were ordered to vacate the buildings within a relatively short period of time. Community concerns were widely reported by the mass media. In December 2013, the Urban Renewal Authority voluntarily involved and speedily implemented the renewal project for the buildings with lucrative compensation packages for the owners. Old building owners understand the minor repairs will improve the buildings to an acceptable standard but the old buildings constructed at the then outdated building standard may impose potential danger resulted from aging, climate changes and environmental factors. Also, after this incident, it was envisaged the Urban Renewal Authority may step in to redevelop the old buildings so as to avoid adverse criticism, if they are condemned unsafe.

Since then, the scheme gradually encountered unfavorable responses and determent in the past years. Many old building owners now wait for their flats to be acquired and redeveloped. It is apparent the market has been changing drastically recently. Though efforts were endeavored to promote the scheme in the targeted old districts, unfortunately, they were in vain. For cost-effectiveness, the establishment of one property management team for the year ended 31 March 2015 was restrained and no expenditure related to the scheme for the said period was incurred. During that period of time, the Company continued to assign senior staff and their subordinates to promote the scheme and research the property market. The recent developments and observations are summarized as below:

1. Persistently high real estate prices

Inspite of the government's determination to curb the soaring real estate prices and the levy of Double Stamp Duty, the property market shows no sign of cooling down in 2014 and the first quarter of 2015 mainly due to the scarcity of land and the acute shortage of supply. Prevailing long term planning aiming to solve the problem takes years to increase the housing stocks. In 2015, the Directors perceive that most of the owners of the old buildings speculate the values of their properties are most favorable from now to a couple of years later or till the tension of land supply is relieved. As such, they incline to dispose of their properties rather than revitalizing them for better and safe living condition.

2. *Scarcity of land supply*

In 2014 and the first quarter of 2015, a major land resumption plan in the New Territories by the Hong Kong government faced strong opposition and saw a major setback. While the government encounters formidable opposition and obstruction in acquiring land for development, relaxing and promoting the redevelopment of old buildings including factory and other non-residential buildings are advocated. Consequently, it is expected that there will be strong demand for redevelopment of old buildings. The heavy demand on acquisition of these types of buildings further discourages the old building owners to improve their buildings with the hope for early redevelopment.

3. *Community support*

The old buildings are owned by individual owners and do not have incorporated owners establishment at large. The Group's planning to promote and implement the old building management scheme is influenced by the views and support of the local leaders. Though their responses were favorable and promising initially before the Company was listed on 11 October 2013. In 2014 and the first quarter of 2015, there was less support from those social leaders. The Directors believe the change in attitude is attributable to the reasons explained above and the recent social and political atmosphere in Hong Kong.

In view of the above, the management anticipates that the scheme is and will be facing great difficulties. Though much effort such as communicating or connecting with council members, awaring the trend of government policy, promoting the scheme and continuing to research the market for exploring the targeted or other possible buildings, the scheme implementation will be further reviewed in due course.

Principal Risks and Uncertainties in Implementation of the Business Plan

There is no assurance that the Group's future business plans will materialise, or result in the conclusion or execution of any agreement within the planned time frame. The Group's future business plans may be hindered by other factors beyond its control.

The Group will also be exposed to profitability risk, liquidity risk and credit risk when implementing the old district property management scheme. Under this scheme, the sub-contracting costs will be borne by the Group first. There can be no assurances that the Group's operation under this scheme would remain as profitable as the Directors currently estimate during the term of the management contract. Furthermore, the receivable amounts will be settled by the customers by installments and will not be recovered within the normal operating cycle, additional financial resources will be needed in maintaining the Group's operation under this scheme. The Group will also be subject to credit risk if the customer defaults on installment payment. The implementation of the old district property management scheme will be further reviewed in due course.

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). For the period from 20 September 2013 until 31 March 2015, the Group has applied the net proceeds as follows:

	Net proceeds (HK\$ million)		
	Available	Utilised	Unutilised
Repayment of bank loans	7.5	7.5	–
Implementation of old district property management scheme	1.2	–	1.2
Expansion of the property management portfolio	2.9	2.9	–
	<u>11.6</u>	<u>10.4</u>	<u>1.2</u>

The unutilised balance of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

RISKS RELATING TO THE GROUP AND ITS BUSINESS

The Group faces intense competition which may adversely affect its market share and profitability. The property management industry in Hong Kong is competitive and the competition may exert some pressure on the service fees of property management companies. The Group may therefore be required to reduce its fees or maintain low service fees in view of the market pressure so as to retain customers or pursue new business opportunities. The Group's revenue stream and profitability may also be adversely affected if the customers terminate the services contracts with the Group, whether by serving written notice or for the reason of breach or material breach of the terms or conditions thereunder, prior to the expiry date.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Group are committed to upholding high standards of corporate governance. The Board considers that enhanced public accountability and corporate governance are beneficial for the healthy growth of the Group, improving customer and supplier confidence and safeguarding the interests of shareholders of the Company. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 to the GEM Listing Rules. The principles adopted by the Company emphasize a quality Board, sound internal controls, transparency and accountability to all shareholders. The Company engaged a third-party professional firm to conduct an internal control review for the year ended 31 March 2015. In the opinion of the Board, save as disclosed under the paragraph “Chairman and Chief Executive Officer” on page 44 of the annual report, the Company had complied with the CG Code for the year ended 31 March 2015.

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. The Company also had made specific enquiry of all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the year ended 31 March 2015.

Directors’ and chief executives’ interests and short positions in shares, underlying shares and debentures of the Company or any associated corporation

As at 31 March 2015, 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 (Chapter 571 of the Laws of Hong Kong) (the “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 in the securities of the Company

(a) Ordinary shares of the Company

Name	Capacity and nature of interest	Number of shares	Percentage of the Company's issued share capital
Mr. Liu Dan (<i>note</i>)	Beneficial interest in controlled corporation	300,000,000	75%

Note:

Mr. Liu Dan is an Executive Director and the Chief Executive Officer of the Company who is the beneficial owner of the entire issued share capital of Wiser Capital Management Limited, Mr. Liu Dan is deemed to be interested in the shares held by Wiser Capital Management Limited under Part XV of the SFO.

(b) Share options

Name	Capacity	Number of options held	Number of underlying shares	Percentage of the Company's issued share capital
Mr. Shen Ka Yip, Timothy	Beneficial owner	4,000,000	4,000,000	1%
Mr. Lai Sze Yau, Vivien	Beneficial owner	4,000,000	4,000,000	1%

Save as disclosed above, as at 31 March 2015, 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

As at 31 March 2015, 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 in ordinary shares of the Company

Name	Capacity and nature of interest	Number of shares	Percentage of the Company's issued share capital
Wiser Capital Management Limited	Beneficial owner	300,000,000	75%
Kingston Finance Limited ("Kingston Finance")	Person having a security interest in shares (<i>Note 1</i>)	300,000,000	75%
Ample Cheer Limited ("Ample Cheer")	Interest in controlled corporation (<i>Note 1</i>)	300,000,000	75%
Best Forth Limited ("Best Forth")	Interest in controlled corporation (<i>Note 1</i>)	300,000,000	75%
Chu Yuet Wah ("Madam Chu")	Interest in controlled corporation (<i>Note 2</i>)	300,000,000	75%

Note:

1. According to the Corporate Substantial Shareholder Notices filed by Kingston Finance, Ample Cheer and Best Forth filed on 6 February 2015, Kingston Finance, as person having a security in shares, is interested in 300,000,000 shares. Since Kingston Finance is wholly-owned by Ample Cheer who in turn is 80%-owned by Best Forth, Ample Cheer and Best Forth are deemed to be interested in 300,000,000 shares held by Kingston.
2. According to the Individual Substantial Shareholder Notice filed by Madam Chu on 6 February 2015, Madam Chu is deemed to be interested in 300,000,000 shares through corporations controlled by her.

Save as disclosed above, as at 31 March 2015, 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, Sale or Redemption of listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2015.

Contract of significance

Save for the respective director service contract with each Director and the share options granted to Directors, and save as disclosed under the paragraph "Connected Transaction" below, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the year.

Connected transactions

A summary of the related party transactions entered into by the Group during the year ended 31 March 2015 is set out in note 13 to the consolidated annual results.

Continuing connected transactions

On 28 February 2014, More Rise Investment Limited ("More Rise"), as the owner of the Tuen Mun office and storage property in Hong Kong, and KSU entered into a rental agreement (the "Tuen Mun Office Lease Agreement") under which the Tuen Mun office and storage property in Hong Kong is leased to KSU for a term of one year from 1 April 2014 to 31 March 2015 at a monthly rental of HK\$23,000. For each of the years ended 31 March 2015 and 2014, the aggregate rent paid by KSU to More Rise in respect of the Tuen Mun office and storage property were HK\$276,000 and HK\$252,000 respectively.

Pursuant to Rule 20.74(1) of the GEM Listing Rules, the transactions under the Tuen Mun Office Lease Agreement are exempted from the shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules. The Company has complied with the requirements in Chapter 20 of the GEM Listing Rules in respect of the transactions under the Tuen Mun Office Lease Agreement.

As at 31 March 2015, Mr. Ho Ying Choi, an Executive Director and Mr. Ho Ying Cheung, who resigned as an Executive Director on 6 February 2015 and remained as a Director of KSU as at 31 March 2015, had provided joint and several unlimited personal guarantees in favour of banking facilities granted to certain subsidiaries within the Group for nil consideration. At 31 March 2015, More Rise and Fortune Trend Investment Limited, two companies controlled by Mr. Ho Ying Choi and Mr. Ho Ying Cheung, had provided unlimited guarantees and pledged their properties to secure banking facilities granted to certain subsidiaries within the Group for nil consideration.

Pursuant to Rule 20.88 of the GEM Listing Rules, these transactions are exempted from shareholders' approval, annual review and all disclosure requirements under Chapter 20 of the GEM Listing Rules. The Company has complied with the requirements in Chapter 20 of the GEM Listing Rules in respect of the above financial assistance received.

Scope of Work of World Link CPA Limited

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been compared by the Company's auditors, World Link CPA Limited ("World Link"), to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by World Link in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this preliminary announcement of results.

Audit Committee

The Company has established an Audit Committee with written terms of reference, available on the Company's website, in compliance with the GEM Listing Rules. The Audit Committee is currently composed of all the Independent Non-executive Directors, namely Mr. Chow Siu Lui (chairman), Mr. Bai Jin Rong and Mr. Tso Siu Lun, Alan.

The Audit Committee held 4 meetings during the year ended 31 March 2015 and reviewed the Company's audited annual results for the year ended 31 March 2014 and the unaudited quarterly and interim results during the year ended 31 March 2015.

Compliance Committee

The Compliance Committee is a committee under the Company's Audit Committee and is chaired by Mr. Ho Ying Choi, an Executive Director and comprises Mr. Lau Ping Kwai, the associate director (note), Mr. Fong Shek Hung, the associate director (note) and Mr. Cheng Kam Hung, the financial controller. The Group's legal adviser, Y.C. Lee Pang, Kwok & Ip Solicitors, is procured to provide legal advices and to attend the committee meeting on a needed basis. For the year ended 31 March 2015, 12 meetings were held and the legal adviser had participated in 2 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 of the Group.

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) 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 health and safety in the workplace, the Group formed a Safety Committee comprising Mr. Fong Shek Hung, the associate director (note) of KSU, and Mr. Law Kwok Leung, a senior property manager of KSU, 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 an external safety consultancy firm (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 the other two members have more than fifteen years of experience in cleaning and maintenance services industry.

Note: The position "associate director" is a corporate title only and not a "director" within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group's administration or overall standard; and (iii) the Group's customer relations.

The 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 the Safety Consultant for the review and recommendation in respect of safety in buildings managed by the Group. For the year ended 31 March 2015, the Committee held nine meetings and 66 buildings or estates were reviewed by the Safety Consultant.

Board Composition and Diversity Policy

The Company has adopted the board diversity policy since 11 October 2013. The policy sets out the approach to achieve diversity in the Board that should have a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business and compliance with policies. The composition and diversity policies of the Board are reviewed annually and regularly. The Board should ensure that its changes in composition will not result in any undue interference. The Board members should possess appropriate professionalism, experience and trustworthiness in performing duties and functions. The Board would diversify its members according to the Company's situations and needs. While participating in nomination and recommendation of director candidates during the year, each member of the Board may consider a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, or professional experience in achieving diversity for the benefit of the Company's various business development and management. The Board is to review the policy concerning diversity of Board members, and to disclose the policy or a summary of the policy in the corporate governance report, including any quantitative targets and standards and its progress with policy implementation.

During the year ended 31 March 2015, the Board had reviewed the diversity of the Board and considered the Board composition and diversity policy appropriate.

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 or the shareholder himself/herself for election as Director in general meeting of the Company should follow the procedures available on the Company's website.

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.

Interests of the Compliance Adviser

As notified by the Compliance Adviser of the Company, Ample Capital Limited, as at 31 March 2015, except for 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 close associates had any interest in relation to the Group.

By order of the Board
Kong Shum Union Property Management (Holding) Limited
Liu Dan
Chairman

Hong Kong, 29 June 2015

As at the date of this announcement, the Executive Directors are Mr. Liu Dan, Mr. Ho Ying Choi, Mr. Shen Ka Yip, Timothy and Ms. Lai Sze Yau, Vivien; the Non-executive Director is Mr. Shum Lok To; and the Independent Non-executive Directors are Mr. Bai Jin Rong, Mr. Chow Siu Lui and Mr. Tso Siu Lun, Alan.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at 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