港深

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 2016

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 2016, together with the audited comparative figures for the corresponding year in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2016

	Notes	**2016** *HK$*	2015 *HK$*
Revenue	*5*	**374,024,102**	339,721,845
Cost of services		**(295,755,913)**	(269,280,141)
Gross profit		**78,268,189**	70,441,704
Other revenue	*6*	**1,493,796**	349,850
Administrative expenses		**(53,823,218)**	(44,121,824)
Other operating expenses		**(18,991,473)**	(18,717,508)
Finance costs	*7*	**(991,742)**	(658,207)
Profit before tax	*8*	**5,955,552**	7,294,015
Income tax expense	*9*	**(3,140,684)**	(2,319,591)
Profit for the year attributable to owners of the Company		**2,814,868**	4,974,424
Other comprehensive income for the year, net of tax:			
Item that may be reclassified to profit or loss:			
Fair value changes of available-for-sale financial asset		**(8,733,000)**	–
Total comprehensive income for the year attributable to the owners of the Company		**(5,918,132)**	4,974,424
Earnings per share			
— Basic	*10*	**0.006**	0.012
— Diluted	*10*	**0.006**	0.012

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Notes	**2016** *HK$*	2015 *HK$*
Non-current assets			
Property, plant and equipment		**3,452,658**	4,024,459
Deposits placed for life insurance policies		**7,955,915**	7,746,484
Available-for-sale financial asset		**4,267,000**	–
Deferred tax assets		**2,306,791**	2,056,504
		17,982,364	13,827,447
Current assets			
Trade and other receivables	*11*	**54,519,563**	46,504,347
Pledged bank deposits		**7,595,971**	4,962,271
Income tax refundable		**–**	692,172
Cash and bank balances		**64,772,631**	34,576,349
		126,888,165	86,735,139
Current liabilities			
Trade and other payables	*12*	**46,101,883**	42,473,654
Amount due to ultimate holding company		**–**	1,657,151
Obligations under finance lease		**289,043**	302,931
Bank borrowings — secured		**8,582,888**	16,711,730
Current tax liabilities		**1,251,769**	–
		56,225,583	61,145,466
Net current assets		**70,662,582**	25,589,673
Total assets less current liabilities		**88,644,946**	39,417,120
Non-current liabilities			
Obligations under finance lease		**303,150**	130,217
Net assets		**88,341,796**	39,286,903
Capital and reserves			
Share capital	*13*	**4,951,515**	4,000,000
Reserves		**83,390,281**	35,286,903
Total equity		**88,341,796**	39,286,903

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital *HK$*	Share premium *HK$*	Share option reserve *HK$*	Merger reserve *HK$*	Investment revaluation reserve *HK$*	Convertible notes reserve *HK$*	Retained profits *HK$*	Total Reserve *HK$*	Total *HK$*
At 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	–	–	–	–	–	–	(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
Changes in equity for the year	–	–	745,360	–	–	–	(15,025,576)	(14,280,216)	(14,280,216)
At 31 March 2015 and 1 April 2015	**4,000,000**	**24,087,947**	**745,360**	**4,750,108**	**–**	**–**	**5,703,488**	**35,286,903**	**39,286,903**
Recognition of share-based payments	**–**	**–**	**3,126,640**	**–**	**–**	**–**	**–**	**3,126,640**	**3,126,640**
Issue of convertible notes	**–**	**–**	**–**	**–**	**–**	**640,000**	**–**	**640,000**	**640,000**
Issue of shares upon conversion of convertible notes *(note 13(a))*	**151,515**	**20,488,485**	**–**	**–**	**–**	**(640,000)**	**–**	**19,848,485**	**20,000,000**
Placing of shares *(note 13(b))*	**800,000**	**30,406,385**	**–**	**–**	**–**	**–**	**–**	**30,406,385**	**31,206,385**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**(8,733,000)**	**–**	**2,814,868**	**(5,918,132)**	**(5,918,132)**
Changes in equity for the year	**951,515**	**50,894,870**	**3,126,640**	**–**	**(8,733,000)**	**–**	**2,814,868**	**48,103,378**	**49,054,893**
At 31 March 2016	**4,951,515**	**74,982,817**	**3,872,000**	**4,750,108**	**(8,733,000)**	**–**	**8,518,356**	**83,390,281**	**88,341,796**

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 March 2016

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 Units 2201–3, 22/F., Tai Tung Building, 8 Fleming Road, Wanchai, Hong Kong.

The Company's shares were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 11 October 2013.

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

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 Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards ("HKASs"); and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange ("GEM Listing Rules") and with the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention except for certain available-for-sale financial asset is measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

These financial statements are presented in Hong Kong dollar ("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 2015 consolidated financial statements. The adoption of the new and revised HKFRSs that are relevant to the Group and effective for its accounting year beginning on 1 April 2015 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 its accounting year beginning 1 April 2015:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Annual Improvements to HKFRSs 2010–2012 Cycle

The Annual Improvements to HKFRSs 2010–2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of "vesting condition" and "market condition"; and (ii) add definitions for "performance condition" and "service condition" which were previously included within the definition of "vesting condition". The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The Directors consider that the application of the amendments to HKFRSs 2010–2012 Cycle has had no material impact in the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011–2013 Cycle

The Annual Improvements to HKFRSs 2011–2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The amendments are applied prospectively. The Directors consider that the application of the amendments to HKFRSs 2011–2013 Cycle has had no material impact on the Group's consolidated financial statements.

Amendments to HKAS 19 Defined Benefit Plans: Employee Contributions

The amendments to HKAS 19 simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Specifically, contributions that are linked to services are attributed to periods of services as a negative benefit. The amendments to HKAS 19 specifies that such negative benefit are attributed in the same way as the gross benefit, i.e. attribute to periods of services under the plan's contribution formula or on a straight-line basis.

Besides, the amendments also states that if the contributions are independent of the number of years of employee service, such contributions may be recognised as a reduction of the service cost as they fall due.

The Directors consider that the application of the amendments to HKAS 19 Defined Benefit Plans: Employee Contributions has had no material impact on the Group's consolidated financial statements

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

The Group has not early applied new and revised HKFRSs that have been issued but are not yet effective for the financial year beginning 1 April 2015. The directors anticipate that the new and revised HKFRSs will be adopted in the Group's consolidated financial statements when they become effective. 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 state whether these new and revised HKFRSs would have a material impact on its financial performance and financial position.

List of new and revised HKFRSs in issue but not yet effective:

HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined. Early adoption is permitted.
4 Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.

(c) Amendments to the GEM Listing Rules

The Company has adopted the amendments to Chapter 18 of the GEM Listing Rules in relation to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current year. The main impact on the financial statements is on the presentation and disclosures of certain information in the consolidated financial statements.

4. SEGMENT INFORMATION

The Group currently operates in one operating segment that 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 percent or more of the total revenue for the years ended 31 March 2016 and 2015.

During the two years ended 31 March 2016 and 2015, all revenue is derived from customers in Hong Kong and the Group's non-current assets as at 31 March 2016 and 2015 are all located in Hong Kong.

5. REVENUE

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

	2016	2015
	HK$	*HK$*
Provision of property management services	**374,024,102**	339,721,845

6. OTHER REVENUE

	2016	2015
	HK$	*HK$*
Bank interest income	**4,227**	1,390
Interest income from deposits placed for life insurance policies	**284,504**	289,710
Gain on waiver of amount due to former ultimate holding company	**1,205,065**	–
Sundry income	**–**	58,750
	1,493,796	349,850

7. FINANCE COSTS

	2016	2015
	HK$	*HK$*
Interest on:		
Bank borrowings wholly repayable within five years	**328,872**	629,040
Interest on convertible notes	**640,000**	–
Finance lease charges	**22,870**	29,167
	991,742	658,207

8. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

	2016	2015
	HK$	*HK$*
Auditor's remuneration	**550,000**	500,000
Depreciation of property, plant and equipment	**1,445,965**	1,214,263
Equity-settled consultancy fees	**2,207,040**	116,160
Legal and professional fees	**3,831,170**	5,111,092
Operating lease rentals in respect of premises	**3,147,400**	2,727,837
Staff costs including directors' remuneration		
— salaries, wages and other benefits	**332,337,435**	280,909,792
— equity-settled share-based payments	**919,600**	629,200
— contributions to retirement benefit scheme	**9,391,812**	9,173,858

9. INCOME TAX EXPENSE

Hong Kong Profits Tax has been provided at the rate of 16.5% (2015: 16.5%) based on the estimated assessable profit for the year.

	2016	2015
	HK$	*HK$*
Current income tax		
Hong Kong Profits Tax		
— Provision for the year	**3,447,352**	2,191,964
— Over-provision in prior years	**(56,381)**	(49,779)
	3,390,971	2,142,185
Deferred tax assets		
— Origination and reversal of temporary differences	**(250,287)**	150,226
— Under-provision in prior years	**–**	27,180
Total tax charge for the year	**3,140,684**	2,319,591

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

	2016	2015
	HK$	*HK$*
Profit before tax	**5,955,552**	7,294,015
Notional tax on profit before tax, calculated at current tax rate of 16.5% (2015: 16.5%)	**982,666**	1,203,512
Tax effect of non-deductible expenses	**2,262,040**	1,190,166
Tax effect of non-taxable revenue	**(47,641)**	(51,488)
Over-provision in prior years	**(56,381)**	(49,779)
Temporary differences not recognised in prior years	**–**	27,180
Income tax expense	**3,140,684**	2,319,591

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$2,814,868 (2015: HK$4,974,424) and the weighted average number of ordinary shares of 446,719,656 (2015: 400,000,000) in issue during the year.

Diluted earnings per share

The effects of the Company's outstanding share options as at 31 March 2016 and 2015 do not give rise to any dilution effect to the earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2016	2015
	HK$	*HK$*
Trade receivables	**50,296,942**	42,112,145
Deposits, prepayments and other receivables	**4,222,621**	4,392,202
	54,519,563	46,504,347

The Group's trade receivables, deposits, prepayments and other receivables are denominated in HK$.

The Group does not grant credit terms to its customers (2015: Nil). The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed by the directors regularly.

The ageing analysis of trade receivables, based on invoice date, and net of allowance, is as follows:

	2016	2015
	HK$	*HK$*
1–30 days	**11,840,614**	27,356,487
31–60 days	**32,093,498**	9,395,052
61–90 days	**1,723,543**	2,457,666
over 90 days	**4,639,287**	2,902,940
	50,296,942	42,112,145

As of 31 March 2016, trade receivables of HK$50,296,942 (2015: HK$42,112,145) were past due but not impaired. These relate to a number of independent customers for whom there are no recent history of default.

12. TRADE AND OTHER PAYABLES

	2016	2015
	HK$	*HK$*
Trade payables	**1,221,476**	1,161,971
Building management deposits received	**4,062,887**	3,847,372
Sundry creditors and accruals	**33,316,454**	32,266,298
Provision for long service payment	**7,501,066**	5,198,013
	46,101,883	42,473,654

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

The aging analysis of the trade payables, based on invoice date, is as follows:

	2016	2015
	HK$	*HK$*
1–30 days	**1,221,476**	1,161,971

13. SHARE CAPITAL

Authorised and issued share capital

	2016		2015	
	Number of ordinary shares	**Nominal Value**	Number of ordinary shares	Nominal Value
		HK$		*HK$*
Ordinary shares of HK$0.01 each				
Authorised:				
As at 1 April and 31 March	**5,000,000,000**	**50,000,000**	5,000,000,000	50,000,000
Issued and fully paid:				
As at 1 April	**400,000,000**	**4,000,000**	400,000,000	4,000,000
Issue of shares upon:				
Conversion of convertible notes *(note (a))*	**15,151,515**	**151,515**	–	–
Placing of shares *(note (b))*	**80,000,000**	**800,000**	–	–
As at 31 March	**495,151,515**	**4,951,515**	400,000,000	4,000,000

(a) On 19 September 2015, convertible notes with principal amount of HK$20,000,000 had been converted into 15,151,515 ordinary shares of the Company.

(b) On 17 September 2015, the Company and the placing agent entered into a placing agreement in respect of the placement of 80,000,000 ordinary shares of HK$0.01 each at a price of HK$0.4 per share. The placement was completed on 6 October 2015 and the premium on the issue of shares, amounting to approximately HK$30.4 million, was credited to the Company's share premium account.

14. DIVIDEND

No dividend was paid or proposed for the year ended 31 March 2016, nor has any dividend been proposed since the end of the reporting period (2015: Nil).

15. RELATED PARTIES TRANSACTIONS AND BALANCES

In addition to the related party transactions and balances disclosed elsewhere in the financial statements, the Group had the following material transactions and balances with its related parties during the year/at the end of reporting period:

	2016	2015
	HK$	*HK$*
(a) Balance with a related party		
— Amount due to ultimate holding company		
— Wiser Capital Management Limited	**–**	1,657,151
(b) Related parties transactions		
(i) Rental expenses paid to a related company		
— More Rise Investment Limited ("More Rise")	**336,000**	276,000
— Kong Shum Union (China) Limited ("KSU China")	**368,000**	–
(ii) Directors		
— Compensation of key management personnel	**9,393,569**	6,122,608

(c) Guarantees

(i) At 31 March 2015 and 2016, Mr. Ho Ying Choi and Mr. Ho Ying Cheung, directors of the Company (Mr. Ho Ying Cheung resigned as an executive director of the Company on 6 February 2015 and remain as a director of KSU) had provided joint and several unlimited personal guarantees in favour of banking facilities granted to certain subsidiaries within the Group; and

(ii) At 31 March 2015 and 2016, More Rise and Fortune Trend Investment Limited ("Fortune Trend") had provided unlimited guarantees and pledged of their properties to secure banking facilities granted to certain subsidiaries within the Group.

Mr. Ho Ying Choi and Mr. Ho Ying Cheung are the directors of Fortune Trend, KSU China and More Rise.

The directors of the Company are of the opinion that the aforementioned guarantees given by the related parties as set out in note 15(c)(i) and 15(c)(ii) constitute continuing connected transactions as defined in Chapter 20 of the GEM Listing Rules but fully exempted pursuant to Rule 20.88 of the GEM Listing Rules as the Company has fulfilled with the relevant requirements.

16. CONTINGENT LIABILITIES

(a) 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 2016, the amount of outstanding performance bond was approximately HK$17.5 million (2015: HK$18.2 million).

As at 31 March 2016, 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$32.4 million (2015: HK$21.1 million).

(b) 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 2016.

17. EVENTS AFTER THE REPORTING PERIOD

(a) Termination of proposed open offer and underwriting agreement

On 21 April 2016, the Company announced that the proposed open offer of three shares for every one share of the Company then held by the qualifying shareholders at a subscription price of HK$0.12 per share (the "Proposed Open Offer") together with the underwriting agreement entered into between the Company and the underwriter in connection with the Proposed Open Offer was terminated due to recent volatile market conditions. Details of above are set out in the Company's announcements dated 3 December 2015, 11 January 2016, 5 February 2016 and 19 April 2016 respectively

(b) Acquisition of a property management company

On 26 May 2016, the Company announced that it entered into a sale and purchase agreement ("S&P") with the independent third parties to purchase the entire issued share capital of a company incorporated in Hong Kong that is principally engaged in the business of property management in Hong Kong at a total consideration of HK$2,500,000 to be satisfied by cash (the "Acquisition"). The completion of the Acquisition is subject to the fulfilment of all the conditions precedent in the S&P. Up to the approval date on these financial statements, the Acquisition is under progress and not yet concluded. Details of above are set out in the Company's announcement dated 26 May 2016.

(c) Establishment of strategic cooperation

On 13 June 2016, the Company and Crystal Properties Development Limited, an independent third party (collectively referred to as the "Parties") entered into the strategic cooperation agreement pursuant to which the Parties have agreed to establish strategic partnership in investment in and redevelopment of old buildings in Hong Kong. As of the approval date of these financial statements, the establishment of strategic partnership is under progress. Details of the above are set out in the Company's announcement dated 13 June 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The Group is 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 2016, the Group provided property security services for 12 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.

During the period under review and riding on the rapid e-commerce development, the Group has started to explore opportunities in the e-commerce sector actively. This allows the Group to provide value-added services to its customers and seek new revenue streams. On 21 June 2015, the Company entered into a Subscription and Shareholders' Agreement with All Profit Alliance Limited ("All Profit") in jointly developing the mobile application, namely, "Yes Master!". The mobile application is a virtual concierge providing all-rounded personal and household services to users. The Group believes that the investment in All Profit is in line with its objective to provide value-added services to over 400 properties and around 90,000 households under its management, and ultimately to every resident in Hong Kong. The investment was completed on 30 June 2015. "Yes Master!" was officially launched in August 2015 and All Profit has been generating revenue.

Reference is made to the announcements of the Company dated 10 July 2015 and 24 July 2015 in relation to the non-legally binding letters of intent (the "LOIs") entered into between (i) the Company and IMC International Manufacturing Corporation Limited ("IMC") on 10 July 2015 in respect of the proposed subscription(s) of new shares and/or convertible notes which are convertible into new shares ("Proposed Investment") in IMC and (ii) the Company and Shenzhen Yun Xin Hui Tong Financial Information Services Co., Ltd ("Yun Xin Hui Tong") on 24 July 2015 in respect of the Proposed Investment in Yun Xin Hui Tong. The LOIs have been lapsed as at the date of this announcement and the Company has decided not to proceed with the Proposed Investments under the LOIs.

Financial Review

Summary Financial Performance

	2016	2015	
	HK$'000	*HK$'000*	Change
Revenue	**374,024**	339,722	10.1%
Cost of services	**(295,756)**	(269,280)	9.8%
Gross Profit	**78,268**	70,442	11.1%
Gross profit margin	**20.9%**	20.7%	n/a
Other revenue	**1,494**	349	328.1%
Administrative expenses	**(53,823)**	(44,122)	22.0%
Other operating expenses	**(18,991)**	(18,717)	1.5%
Finance costs	**(992)**	(658)	50.8%
Profit before tax	**5,956**	7,294	-18.3%
Income tax expense	**(3,141)**	(2,320)	35.4%
Profit attributable to owners of the Company	**2,815**	4,974	-43.4%
Net profit margin	**0.8%**	1.5%	n/a

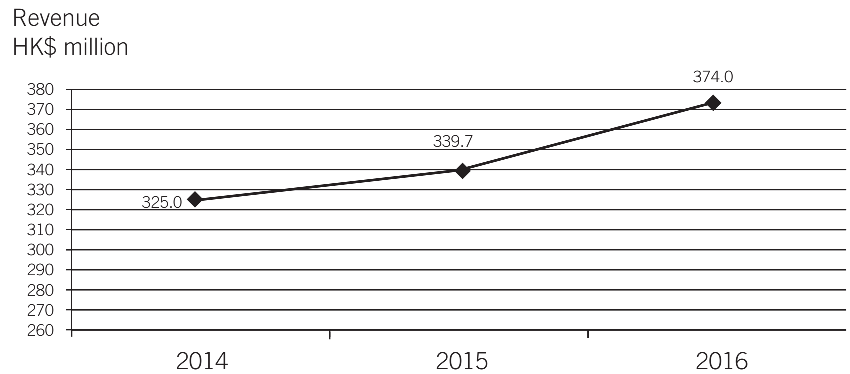
Revenue

For the years ended 31 March 2015 and 2016, all of the Group's revenue was derived from its operation in Hong Kong. The Group derived revenue of approximately HK$20.1 million and HK$20.2 million respectively from stand-alone security services contracts for the years ended 31 March 2015 and 2016 respectively, representing approximately 5.9% and 5.4% of its total revenue. The following table sets out the Group's revenue by contract type for the years ended 31 March 2015 and 2016:

	2016		2015	
	HK$ million	***percentage***	*HK$ million*	*percentage*
Property management services contracts	**353.8**	**94.6%**	319.6	94.1%
Property security services contracts	**20.2**	**5.4%**	20.1	5.9%
	374.0	**100%**	339.7	100%

The Group's revenue improved by approximately 10.1% from approximately HK$339.7 million for the year ended 31 March 2015 to approximately HK$374.0 million for the year ended 31 March 2016. The increase was primarily attributable to the growth of revenue generated from property management services contracts, increasing by approximately 10.7% to approximately HK$353.8 million for the year ended 31 March 2016. The increase in revenue was mainly due to adjustment of service income after the increase in statutory minimum wage in Hong Kong from HK$30.0 per hour to HK$32.5 per hour effective from 1 May 2015. During the year, the number of management service contracts obtained by the Group had been increased by 3 from 419 during the year ended 31 March 2015 to 422 for the year ended 31 March 2016. Revenue generated from security services contracts recorded a slightly increase of approximately 0.5% to approximately HK$20.2 million for the year ended 31 March 2016.

The following graph sets out the revenue for the years ended 31 March 2014, 2015, 2016.



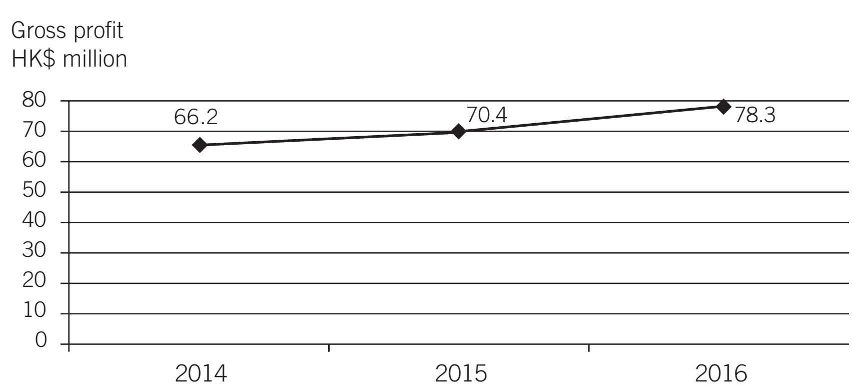
Cost of services

The total cost of services amounted to approximately HK$269.3 million and HK$295.8 million for the years ended 31 March 2015 and 2016 respectively, representing approximately 79.3% and 79.1% respectively of the Group's revenue. The increase of the cost of services during the year of approximately 9.8% was mainly due to the increase on the average salaries of the Group's front-line staff by the revision of statutory minimum wages from HK$30 to HK$32.5 with effective from 1 May 2015.

Gross profit

The gross profit of the Group increased by approximately 11.1% from approximately HK$70.4 million for the year ended 31 March 2015 to approximately HK$78.3 million for the year ended 31 March 2016. The gross profit margin was approximately 20.7% and 20.9% for years ended 31 March 2015 and 2016 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 2014, 2015 and 2016.



Profit attributable to owners of the Company

The profit attributable to owners was decreased by approximately 43.4% from approximately HK$4.97 million for the year ended 31 March 2015 to approximately HK$2.82 million for the year ended 31 March 2016, and the net profit margin decreased by approximately 0.7 percentage point from approximately from 1.5% to 0.8% for the years ended 31 March 2015 and 2016 respectively.

Administrative expenses

The Group's administrative expenses for the year ended 31 March 2016 were approximately HK$53.8 million (2015: approximately HK$44.1 million), representing an increase of approximately 22.0% compared to the corresponding period in 2015. This was mainly attributable to the increase in staff cost including staff salaries, bonus, Directors' emoluments rentals and administrative service fee incurred during the year.

Other operating expenses

The Group's other operating expenses for the year ended 31 March 2016 were approximately HK$19.0 million (2015: approximately HK$18.7 million), representing a slightly increase of approximately 1.5% compared to the corresponding period in 2015. The decrease was mainly due to the increase in share option expenses and decrease in insurance, legal and professional fee and public relation expenses incurred during the year.

Other comprehensive income for the year

The investment in All Profit was accounted for as available-for-sale financial asset in the Group's financial statements. During the year ended 31 March 2016, the carrying amount of such investment was reduced by approximately HK$8.7 million due to changes in fair value. Please refer to the section "Major investment, acquisitions and disposals" for further details.

Liquidity, Financial Resources and Capital Structure

	For the year ended/ as at 31 March	
	2016	2015
	HK$'000	*HK$'000*
Financial position		
Current assets	**126,888**	86,735
Current liabilities	**56,226**	61,145
Net current assets	**70,663**	25,590
Total assets	**144,871**	100,563
Bank borrowings and obligations under finance lease	**9,175**	17,145
Bank balances and cash	**64,773**	34,576
Total equity	**88,342**	39,287

	For the year ended/ as at 31 March	
	2016	2015
	HK$'000	*HK$'000*
Key ratios		
Return on equity (1)	**4.4%**	10.7%
Return on assets (2)	**2.3%**	4.6%
Current ratio (3)	**2.26 times**	1.42 times
Gearing ratio (4)	**10.4%**	43.6%
Net Debt to equity ratio (5)	**0%**	0%
Debtors turnover day (6)	**45.1 days**	48.6 days
Creditors turnover day (7)	**24.7 days**	26.2 days

Notes:

1. Return on equity is calculated as the profit for the year divided by average total equity.

2. Return on assets is calculated as the profit for the year divided by average total assets.

3. Current ratio is calculated as the current assets divided by current liabilities.

4. 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.

5. 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.

6. Debtors' turnover day is calculated as average trade receivables divided by revenue times number of days in the period.

7. 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 2016 with bank balances and cash of approximately HK$64.8 million (2015: approximately HK$34.6 million).

As at 31 March 2016, the Group had bank borrowings and obligations under finance lease of approximately HK$9.2 million (2015: approximately HK$17.1 million).

As at 31 March 2016, the Group's net current assets amounted to approximately HK$70.7 million (2015: approximately HK$25.6 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 10.7% for the year ended 31 March 2015 to approximately 4.4% for the year ended 31 March 2016, mainly due to the increase on average total equity after the issuance of share upon on conversion of convertible note and placing of shares which enlarged the Company's equity during the year.

Return on assets

The return on assets was decreased from approximately 4.6% for the year ended 31 March 2015 to approximately 2.3% for the year ended 31 March 2016, mainly due to the increase on average total equity after issuance of share upon conversion of convertible note and placing of shares which enlarged the Company's equity during the year.

Current ratio

The Group's current ratio increase from approximately 1.42 times as at 31 March 2015 to approximately 2.26 times as at 31 March 2016 mainly due to the receipt of net proceed from placing of share during the year which enlarged the Company's asset.

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 2016 is approximately 10.4% (2015: approximately 43.6%). The total bank borrowings decreased from approximately HK$16.7 million as at 31 March 2015 to approximately HK$8.6 million as at 31 March 2016 as the Group settled the bank loan during the reporting period. On the other hand, the Group's total equity increased significantly during the year ended 31 March 2016 due to issuance of share upon conversion of convertible note and placing of shares during the year.

Net debt to equity ratio

The Group's net debt to equity ratio was 0% as at 31 March 2015 and 31 March 2016 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 48.6 days for the year ended 31 March 2015 to approximately 45.1 days for the year ended 31 March 2016 under the monitor of the recoverability on trade debtors.

Creditors' turnover day

The creditors' turnover day was slightly decreased from approximately 26.2 days for the year ended 31 March 2015 to approximately 24.7 days for the year ended 31 March 2016. 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 2016 (2015: Nil).

OPERATION REVIEW

Outlook

The property market in the Hong Kong is expanding. Public opinion voices concern over the housing stock production and the speeding up of the completion of construction of properties 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 statutory minimum wage revision and inflation are unavoidable, the Directors are confident that the Group is now on an appropriate stage to increase its market share after the listing of the Company's shares on the GEM and believe that the Group will be benefited from the listing.

We are currently exploring suitable opportunities to commence and develop business of property development in Hong Kong, which may include, but not limited to, (i) carrying out schemes for property consolidation, assembly and redevelopments; and (ii) property trading and/or investment (the "**Potential New Business**"). The Board intends to develop the Potential New Business through self-development of the subsidiaries, and/or investment(s) in suitable targets/assets, and/or through co-operation by way of joint venture(s) with other parties.

Our Board has been actively exploring other business opportunities in order to diversify the existing business of the Group and to explore new markets with significant growth potential.

Notwithstanding the Group's intention to explore the Potential New Business, the existing principal business of the Group in the provision of property management services in Hong Kong, primarily targeting residential properties, will continue to be the core business of the Group. The Board expects that the Potential New Business will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance.

Human resources

As at 31 March 2016, the Group had a total of 2,087 employees (as at 31 March 2015: 2,109 employees). The Group's staff costs for the year ended 31 March 2016 amounted to approximately HK$323.9 million (2015: 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 by reference to the Group's results and individual performance.

Services contracts

Due to well-established team and project planning, during the year ended 31 March 2016, 5 facility management service contract for non-domestic property management segment which included 3 shopping complex, 1 carpark area and 1 shop empty bay was awarded to the Group. The success in securing the contract gave the Group confidence to expand the property management portfolio continuously.

As at 31 March 2016, there were in total 422 service contracts (covering around 90,000 households) comprising 394 property management service contracts, 13 stand-alone security service contracts and 15 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. Included in 422 contracts in force as at 31 March 2016, 82 service contracts are not in strict compliance with the said contract renewal requirements, hence, termination notices were served on clients involving in these contracts. All of the remaining 340 valid contracts as at 31 March 2016 are 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 2016 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

Client accounts

As at 31 March 2016, the Group held 63 (as at 31 March 2015: 52 clients) client accounts amounting to approximately HK$32.4 million (as at 31 March 2015: approximately HK$21.1 million) on trust for and on behalf of customers. These client accounts are opened in the names of the Group and the relevant properties. 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 client accounts.

Performance bond

As at 31 March 2016, the banks issued 10 (as at 31 March 2015: 13) bond certificates amounting to approximately HK$17.5 million (as at 31 March 2015: approximately HK$18.2 million) on behalf of the Group to the clients as required in the service contracts.

Capital expenditure

The Group purchased property, plant and equipment amounting to approximately HK$0.9 million for the year ended 31 March 2016 (2015: approximately HK$3.2 million).

Capital commitments

The Group did not have any significant capital commitments as at 31 March 2016 and 31 March 2015.

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 2016, 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 2016.

Major investment, acquisitions and disposals

Acquisition of interest in All Profit

On 10 May 2015, the Company entered into a memorandum of understanding with All Profit 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 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 Share Subscription was completed on 30 June 2015. Details of the Share Subscription are disclosed in the Company's announcement dated 22 June 2015 and 3 July 2015 respectively.

The mobile application of "Yes Master!" was officially launched in August 2015 and All Profit has been generating revenue.

The investment in All Profit was accounted for as available-for-sale financial asset in the Group's financial statements. During the year ended 31 March 2016, the carrying amount of such investment was reduced by approximately HK$8.7 million due to changes in fair value. The fair value of investment in All Profit as at 31 March 2016 was calculated based on asset approach by Peak Vision Appraisals Limited, an independent valuer appointed by the Company. As at 31 March 2016 the carrying amount of such available-for-sale financial asset was approximately HK$4.3 million.

The losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

The Valuation

The value of inputs used in preparing the valuation of All Profit include the financial figures of All Profit (including its net asset value), a market determined minority interest discount of 26.8% and discount rate of 14.10%. The basis and assumptions of the valuation of All Profit include:

- There will be no material changes in the business strategy of All Profit and its operating structure;

- The unaudited financial statements of All Profit as supplied to the valuer have been prepared in a manner which truly and accurately reflect the financial position of All Profit as at the respective balance sheet dates;

- Key management, competent personnel and technical staff will all be retained to support the ongoing operations of All Profit;

- Market trends and conditions where All Profit operates will not deviate significantly from the economic forecasts in general;

- Interest rates and exchange rates in the localities for the operation of All Profit will not differ materially from those presently prevailing;

- All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where All Profit operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and

- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which All Profit operates or intends to operate, which would adversely affect the revenues and profits attributable to All Profit.

The valuer has adopted a combination of the asset approach to determine the value of the Company’s equity interest in All Profit, and the Income Approach to determine the value of compensation in accordance with the profit guarantee of the Company’s investment.

The asset approach is adopted because the Income Approach would involve long-term forecasts that are not available and would involve a high level of uncertainty in estimates and underlying assumptions, especially since All Profit has no track record of profitability. Since All Profit has no track record of profitability and is still in a preliminary stage of development, the Market Approach is not appropriate as there are no identifiable comparable transactions or guideline public companies to form our opinion of value.

Under the Asset Approach, the value of the equity interest is derived by (i) assessing the market value of individual assets and liabilities and (ii) subtracting the market value of the total liabilities from the market value of total assets, which represents the residual claim on the value of the business. The Asset Approach is commonly applied in the valuation of startup businesses and businesses in a preliminary stage of development such as All Profit.

The Income Approach is used to determine the value of the compensation in accordance with the profit guarantee of the Company's investment, since such cash flows can be reasonable estimated.

Profit Guarantee

Pursuant to the Subscription and Shareholders' Agreement, All Profit guarantees to the Company that the net profits of All Profit after tax ("2016 After-Tax Profits") for the period from 20 March 2015 (date of incorporation of All Profit) to 30 June 2016 shall not be less than HK$10,000,000 (the "Guaranteed Profits Amount"). If the 2016 After-Tax Profit of All Profit falls below the Guaranteed Profits Amount, All Profit shall allot and issue to the Company such number of new All Profit Shares representing 10% of the then issued share capital of All Profit enlarged by the allotment and issue of new Shares and the Guarantee Profit Amount shall be extended for a further 12 months to the year ending 30 June 2017 (the "Extended Profit Guarantee"). If the net profit of the Company after tax for the year ended 30 June 2017 ("2017 After-Tax Profits") is less than that Extended Profit Guarantee, All Profit shall compensate the Company for the shortfall (the "Compensation") calculated as follows:

The difference between the 2017 After-Tax Profit and the Extended Profit Guarantee × 13 × 20%.

For the avoidance of doubt, if the 2017 After-Tax Profit is zero or a negative amount, the following formula will be adopted in calculating the amount of the Compensation:

HK$10,000,000.00 × 13 × 20%

Notwithstanding the above, the Company shall have the absolute right to request All Profit to issue and allot to the Company such number of additional new All Profit Shares representing 5% of the then issued share capital of the of All Profit as enlarged by the allotment and issue of such new Shares in lieu of the Compensation.

The Company has also entered into a sale and purchase agreement for the acquisition of a property management business. For details, please refer to the paragraphs headed "Acquisition of Property Management Business" below.

Save for the above, the Group did not have any major investment, acquisition or disposal during the year ended 31 March 2016.

Charges over assets of the Group

As at 31 March 2016, certain bank deposits of approximately HK$7.6 million (as at 31 March 2015: approximately HK$5 million) and the deposits placed for life insurance policies of approximately HK$8.0 million (as at 31 March 2015: approximately HK$7.7 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$0.7 million and HK$0.8 million as at 31 March 2016 and 31 March 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

On 28 August 2015, the Board informed the shareholders of the Company that based on the information provided by Wiser Capital Management Limited ("Wiser Capital"), a controlling shareholder of the Company immediately before the Disposal (as defined below) which is wholly owned by Mr. Liu Dan ("Mr. Liu"), the former Chairman, an Executive Director and the former Chief Executive Officer of the Company, (i) as disclosed in the joint announcement dated 27 November 2014 jointly issued by the Company and Wiser Capital, Kingston Securities Limited ("Kingston Securities") granted a standby facility to Wiser Capital, pursuant to which Wiser Capital agreed to pledge 300,000,000 Shares (the "Pledged Shares") to Kingston Securities for the said facility; and (ii) on 28 August 2015, Wiser Capital initiated the disposal of 200,000,000 Pledge Shares to the market (the "Disposal"), representing 50.0% of the issued share capital of the Company as at the date of the Disposal, to settle the outstanding loans granted to Wiser Capital pursuant to the said facility. Before the Disposal, Wiser Capital was interested in 297,760,000 Shares, representing 74.4% of the issued share capital of the Company as at the date of the Disposal. After the Disposal, Wiser Capital ceased to be a controlling shareholder of the Company.

On 2 September 2015 and 9 September 2015, Mr. Liu disposed of 10,000,000 and 87,760,000 shares of the Company on the market respectively. Such disposals represented approximately 2.50% and 21.14% of the issued share capital of the Company as at the date of the respective disposal. Subsequent to the said disposals of shares, Mr. Liu ceased to be a shareholder of the Company.

Proposed Open Offer and the Proposed Change in Board Lot Size

On 3 December 2015, the Board announced that the Company proposed to raise not less than approximately HK $178.3 million and not more than approximately HK$185.5 million (before expenses) by way of an open offer of not less than 1,485,454,545 Offer Shares and not more than 1,545,454,545 Offer Shares at a subscription price of HK$0.12 per Offer Share on the basis of three (3) Offer Shares for every one (1) existing Share held on the Record Date (the "Proposed Open Offer").

The Board also proposed, subject to the passing of all the necessary resolution(s) by the Independent Shareholders at an extraordinary general meeting to approve the Open Offer and the transactions contemplated thereunder, to change the board lot size for trading of the Shares from 8,000 Shares to 16,000 Shares ("Proposed Change in Board Lot Size").

Details of the Proposed Open Offer and Proposed Change in Board Lot Size are disclosed in the Company's announcements dated 3 December 2015, 11 January 2016 and 5 February 2016.

Termination of the Proposed Open Offer and the Proposed Change in Board Lot Size

In view of the then recent volatile market conditions, the Company and the underwriter to the Proposed Open Offer (the "Underwriter") considered that it would be inexpedient or inadvisable to proceed with the Proposed Open Offer and have therefore mutually agreed to terminate the underwriting agreement in respect of the Proposed Open Offer (the "Underwriting Agreement"). As such, the Company and the Underwriter entered into a termination agreement (the "Termination Agreement") on 21 April 2016 (after trading hours) to terminate the Underwriting Agreement by mutual consent with immediate effect. Pursuant to the Termination Agreement, all rights and obligations of the parties under the Underwriting Agreement shall cease to have any effect except that the termination will not affect any accrued rights and obligations of the parties prior to the date of the Termination Agreement and each party has no claim against each other in connection with the Underwriting Agreement save for any antecedent breaches. Accordingly, the Proposed Open Offer did not proceed.

Taking into consideration the termination of the Proposed Open Offer, the Shares will remain to be traded in the existing board lot size of 8,000 Shares each and the Proposed Change in Board Lot Size had not been made.

Details of the termination of the Proposed Open Offer and Proposed Change in Board Lot Size are disclosed in the Company's announcement dated 21 April 2016.

Proposed Acquisition of Property Cleaning Business

On 5 February 2016 (after trading hours), the Board announced that the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the "MOU") with potential vendors (the "Potential Vendors"). Pursuant to the MOU, the Company intends to acquire, and the Potential Vendors intend to dispose of, the entire issued share capital in a company that is principally engaged in the business of providing property cleaning services (the "Proposed Acquisition"). As at the date of the MOU, the Potential Vendors collectively hold the entire issued share capital in the target company.

Up to 21 March 2016, no formal agreement has been entered into between the Company and the Potential Vendors, nor have the Company and the Potential Vendors reached any agreement to extend the exclusivity period stated in the MOU. As such, the MOU lapsed on 21 March 2016 and the Company were released from all obligations thereunder, save for any liability arising out of any antecedent breaches.

Detail of these announcements are disclosed in the Company's announcements dated 5 February 2016 and 21 March 2016.

As at the date of this announcement, the Company has decided not to pursue any further discussion with the Potential Vendors in respect of the aforesaid acquisition.

Acquisition of Property Management Business

On 3 March 2016, the Company entered into a non-legally binding memorandum of understanding, pursuant to which, the Company intends to acquire the entire issued share capital in a company (the "Target Company") that is principally engaged in the business of providing property management services in Hong Kong.

On 26 May 2016, Kong Shum Union Property Management Group Limited (the "Purchaser"), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with independent third parties (the "Vendors"), pursuant to which the Vendors have agreed to sell, and the Purchaser has agreed to purchase, the entire issued share capital of the Target Group at a total consideration of HK$2,500,000, payable by cash (the "Acquisition").

Completion of the Acquisition is subject to the fulfillment of all the conditions precedent in the Agreement. Upon completion of the Acquisition, the Purchaser will own 100% of the issued share capital and the Target Company will become an indirect wholly owned subsidiary of the Company. As such, the financial results of the Target Company will be consolidated into the accounts of the Group.

Detail of the memorandum of understanding and the Agreement are disclosed in the Company's announcements dated 3 March 2016 and 26 May 2016.

Up to date of this announcement, this acquisition has not been completed.

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as set out in the prospectus of the Company dated 30 September 2013 (the "Prospectus") for the period from 20 September 2013, being the latest practicable date as defined in the Prospectus ("LPD"), to 31 March 2016 (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	– Hire additional professional as maintenance surveyors and building services engineers;	During the period, one Property and Facility Management Division Surveyor was hired and some engineers will join the working group in future.
	– Establish a new property management team with one property manager, one executive manager and two administrative staff; – Prepare promotional materials;	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.
	– commence provision of management services to sixteenth new non-residential properties;	During the period, the Group has commenced provision of management services to sixteen new non-residential properties.

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. Purchase of additional equipment has yet to be made. 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; and	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: – Chai Wan Industrial Centre – New East Sun Industrial Building – Southorn Commercial Building – Kai Fuk Industrial Centre (Kowloon Bay) – Wang Lung Industrial Building (Tsuen Wan) – The Jade Plaza (Jordan) – Kwun Tong Industrial Centre – Wah Tat Industrial Centre – The Capital

Business objectives stated in the Prospectus	Actual business progress
– evaluate the business plan performance.	In the past two years, the Group always strives to expand the customer based by putting more resources into management of non-residential properties. We had been awarded totally 16 facilities management service contracts which include different segments such as, shopping complexes, educational institutes, empty bay, car park and shop. Benefited from the award of these contracts, the Group succeeded in developing and growing its property management portfolio in Hong Kong. Our strategy of expanding the property management portfolio has achieved good growth of the Group's revenue. The Group's revenue reported an increase of approximately 10.1% during the year ended 31 March 2016 as compared with same period of last year and the total number of service contracts were increased from 411 to 422 since Date of Listing. The Group will continue to develop and expand its property management portfolio in Hong Kong.

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 old district property management 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 2016 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, real estate prices remained high in 2015. Prevailing long term planning aiming to solve the problem takes years to increase the housing stocks. 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 2015 and the first quarter of 2016, 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, there was less support from those social leaders in recent years. 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 will continue to face 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 has been hindered as explained in the aforesaid. The management will continue to closely monitor the market development in this regard and will continue to review and evaluate the scheme.

Principal Risks and Uncertainties in Implementation of the Business Plan

There is no assurance that the Group's future business plans will materialize, or result in the conclusion or execution of any property management 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 for renovation of properties will first be borne by the Group. There is no assurance that the Group's operation under this scheme will remain as profitable as the Directors currently estimate. Furthermore, as the amounts due from customers are payable by instalments, such amounts will not be recovered within the normal operating cycle, hence, additional financial resources will be needed in maintaining the Group's operation under the scheme. The Group will also be subject to credit risk if the customer defaults on installment payments. In view of the recent developments and observation regarding implementation of the scheme as explained above, the management will continue to closely monitor the market development in this regard and will continue to review and evaluate the scheme.

Fund raising activities

In order to meet the needs of business development, the Group successfully completed a number of equity fund raising activities during the year under review, as detailed below:

Date of initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
9 June 2015 (completed on 19 June 2015 and the convertible notes were fully converted on 8 September 2015)	Issue of zero-coupon convertible notes at the principal amount of HK$20 million convertible into Shares within 3 months from date of issue at the conversion price of HK$1.32 per Share under general mandate	Approximately HK$19.8 million	(i) Investing in project(s) related to the development of mobile application and two-way communication platform targeted for property management companies, incorporated owners, service providers for residential properties in Hong Kong and the residents therein; and (ii) general working capital of the Group	The net proceeds have been fully utilised as intended, of which (i) approximately HK$13.0 million was used for the subscription of 10% of the issued share capital of All Profit which is principally engaged in (a) developing a mobile application that aims to provide one-stop household support to its users; and (b) setting up a two-way communication internet platform between the property management and its residents in any building or property estates in Hong Kong (please refer to the announcement of the Company dated 22 June 2015 for further details); (ii) approximately HK$2.8 million was utilised for salary expenses; (iii) approximately HK$1.9 million was utilised for professional fees; (iv) approximately HK$1.3 million was utilised for rental and administrative expenses; and (v) approximately HK$0.8 million was utilised for operating expenses

Date of initial announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
17 September 2015 (completed on 6 October 2015)	Placing of 80,000,000 new ordinary shares of HK$0.01 each under general mandate at the placing price of HK$0.40 per Share to not less than six placees who are independent professional, institutional or other investors (closing price of the Share as quoted on the Stock Exchange on the date of the placing agreement is HK$0.425)	Approximately HK$31.2 million (net proceeds raised per Share was approximately HK$0.39 per Share)	General working capital of the Group	Approximately HK$6.04 million has been utilised as intended of which approximately HK$1.69 million was utilised for salary expenses, approximately HK$3.05 million was utilised for professional fees, approximately HK$1.3 million was utilised for operating expenses and the remaining net proceeds will be used for the general working capital of the Group, including salary expenses, professional fees, marketing expenses and maintenance of the Group's information technology system. Such remaining net proceeds are expected to be utilised during the year ending 31 March 2017

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 2016, 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	4.3	–	4.3
Expansion of the property management portfolio	5.7	5.7	–
	17.5	13.2	4.3

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 2016.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual, and the division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. During the year under review, the Company deviated from code provision A.2.1 of the CG Code, details of which are as follows:

Following Mr. Ho Ying Cheung's resignation on 6 February 2015 and up until the appointment of Mr. Liu Dan as the chairman of the Company with effect from 30 April 2015, no individual was appointed as chairman of the Company, and the role of the chairman had been performed collectively by all Executive Directors.

During the period from 30 April 2015 up to Mr. Liu Dan's resignation on 8 September 2015, Mr. Liu Dan acted as the chairman and chief executive officer of the Company. The Board believed that vesting the roles of both the chairman and the chief executive officer in the same person had the benefit of ensuring consistent leadership within the Group and enabled more effective and efficient overall strategic planning for the Group. The Board believed that the balance of power and authority for the present arrangement would not be impaired and was adequately ensured by the Board which comprised experienced and high calibre individuals with sufficient number thereof being Independent Non-executive Directors.

Following Mr. Liu Dan's resignation on 8 September 2015 and up until the appointment of Mr. Yan Chi Ming as the chairman of the Company with effect from 17 December 2015, no individual was appointed as chairman or chief executive officer of the Company, and the roles of the chairman and chief executive officer have been performed collectively by all Executive Directors.

With effect from 17 December 2015, Mr. Yan Chi Ming has been appointed as the chairman of the Company, while the position of chief executive officer of the Company remains vacant. Daily operation and management of the Company is monitored by the Executive Directors as well as the senior management. The Board is of the view that although there is no chief executive officer of the Company, the balance of power and authority is ensured by the operation of the Board, which comprises experienced individuals and meet from time to time to discuss issues affecting the operations of the Company.

In the opinion of the Board, save as disclosed above, the Company had complied with the CG Code for the year ended 31 March 2016.

DIRECTORS' SECURITIES TRANSACTIONS

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 2016.

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 2016, 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.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company, its subsidiaries, its fellow subsidiaries, its parent company or its other associated corporations a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to acquire benefits by means of acquisition of shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS AND OTHER PERSONS DISCLOSEABLE UNDER THE SFO

So far is known to the Directors, as at 31 March 2016, shareholders who had interests or short positions in the securities of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly and indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO and the Hong Kong Companies Ordinance (Cap. 622) were as follows:

Name	Nature of interests	Name of controlling shareholder	Number of shares/ underlying shares held	Approximate percentage of shareholding
Kingston Securities Limited ("Kingston Securities")	Other *(Note)*	Galaxy Sky	1,545,454,545	75%
Galaxy Sky Investments Limited ("Galaxy Sky")	Interest in controlled corporation	Kingston Capital	1,545,454,545	75%
Kingston Capital Asia Limited ("Kingston Capital")	Interest in controlled corporation	Kingston Financial	1,545,454,545	75%
Kingston Financial Group Limited ("Kingston Financial")	Interest in controlled corporation	Active Dynamic	1,545,454,545	75%
Active Dynamic Limited ("Active Dynamic")	Interest in controlled corporation	Chu Yuet Wah ("Madam Chu")	1,545,454,545	75%
Madam Chu	Interest in controlled corporation	–	1,545,454,545	75%

Note: 1,545,454,545 shares represent the number of Offer Shares underwritten by Kingston Securities in respect of the Proposed Open Offer, details of which are set out under the paragraphs headed "Proposed Open Offer and the Proposed Change in Board Lot Size" of this announcement.

Save as disclosed above, as at 31 March 2016, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2016.

CONNECTED TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 March 2016 is set out in note 15 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 2015 to 31 March 2016 at a monthly rental of HK$28,000. For each of the years ended 31 March 2016 and 2015, the aggregate rent paid by KSU to More Rise in respect of the Tuen Mun office and storage property were HK$336,000 and HK$276,000 respectively. More Rise is jointly owned by Mr. Ho Ying Choi and Mr. Ho Ying Cheung, Directors of the Company (Mr. Ho Ying Cheung resigned as an executive Director of the Company on 6 February 2015 and remain as a director of KSU).

On 1 August 2015, Kong Shum Union (China) Limited ("KSU China"), as the owner of the motor vehicle in Hong Kong, and KSU entered into a rental agreement (the "Motor Vehicle Rental Agreement") under which the motor vehicle in Hong Kong is leased to KSU for a term of one year from 1 August 2015 to 31 July 2016 at a monthly rental of HK$45,000. For each of the years ended 31 March 2016 and 2015, the aggregate rent paid by KSU to KSU China in respect of the motor vehicle were HK$368,000 and nil respectively. KSU China is owned by Super Potent Limited a company owned by both Mr. Ho Ying Choi and his spouse.

Pursuant to Rule 20.74(1) of the GEM Listing Rules, the transactions under the Tuen Mun Office Lease Agreement and the Motor Vehicle Rental Agreement, when considered in aggregate, 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 and the Motor Vehicle Rental Agreement.

As at 31 March 2015 and 2016, 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 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 and 2016, 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.

Save as disclosed above, none of the related party transactions set out in note 15 to the consolidated financial statement constitutes connected transactions or continuing connected transactions under Chapter 20 of the GEM Listing Rules.

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. Lam Kai Yeung (chairman), Mr. Tso Siu Lun, Alan and Mr. Lo Chi Ho, Richard.

The Audit Committee held 5 meetings during the year ended 31 March 2016 and reviewed the Company's audited annual results for the year ended 31 March 2015 and the unaudited quarterly and interim results during the year ended 31 March 2016.

The Company's annual results for the year ended 31 March 2016 were reviewed by the Audit Committee, which was of the opinion that the preparation of such annual results complied with the applicable accounting standards, GEM Listing Rules and legal requirements and that adequate disclosures had been made.

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 2016, 12 meetings were held and the legal adviser had participated in 1 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.

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 2016, 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.

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 2016 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.

COMPETING BUSINESS

None of the controlling shareholders or Directors and their respective close 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 2016, 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
Yan Chi Ming
Chairman

Hong Kong, 20 June 2016

As at the date of this announcement, the Executive Directors are Mr. Yan Chi Ming (Chairman), Mr. Ho Ying Choi and Ms. Wu Yilin; the Non-executive Director is Mr. Wong Kui Shing, Danny; and the Independent Non-executive Directors are Mr. Tso Siu Lun, Alan, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard.

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