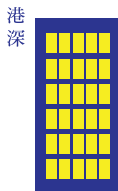


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



**Kong Shum Union Property Management (Holding) Limited**  
**港深聯合物業管理(控股)有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 8181)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015**

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

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

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

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

## HIGHLIGHTS

- Revenue of the Group for the six months ended 30 September 2015 was approximately HK\$186.1 million, representing an increase of approximately 11.7% as compared with the same period of last year.
- Gross profit of the Group for the six months ended 30 September 2015 was approximately HK\$39.0 million, representing an increase of approximately 13.1% as compared with the same period of last year.
- Profit and total comprehensive income attributable to the owners of the Company for the six months ended 30 September 2015 was approximately HK\$0.79 million, representing a decrease of approximately 80.4% as compared with the same period of last year.
- The earnings per share for the six months ended 30 September 2015 was HK Cents 0.2 (for the six months ended 30 September 2014: HK Cents 1.0).
- The Directors do not recommend the payment of any dividend for the six months ended 30 September 2015.

The board of Directors (the “Board”) of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three and six months ended 30 September 2015, together with the unaudited comparative figures for the corresponding periods in 2014 as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**

		<b>Three months ended</b>		<b>Six months ended</b>	
		<b>30 September</b>		<b>30 September</b>	
		<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Revenue</b>	4	<b>94,105</b>	84,175	<b>186,096</b>	166,616
Cost of services		<b>(73,895)</b>	(66,182)	<b>(147,132)</b>	(132,177)
<b>Gross profit</b>		<b>20,210</b>	17,993	<b>38,964</b>	34,439
Other revenue	5	<b>1,281</b>	98	<b>1,357</b>	185
Administrative expenses		<b>(12,609)</b>	(10,630)	<b>(26,798)</b>	(21,250)
Other operating expenses		<b>(3,824)</b>	(4,382)	<b>(9,995)</b>	(8,002)
Finance costs	6	<b>(397)</b>	(169)	<b>(584)</b>	(348)
<b>Profit before tax</b>	7	<b>4,661</b>	2,910	<b>2,944</b>	5,024
Income tax expense	8	<b>(1,214)</b>	(607)	<b>(2,152)</b>	(988)
<b>Profit and total comprehensive income for the period attributable to owners of the Company</b>		<b>3,447</b>	2,303	<b>792</b>	4,036
Earnings per share		<b>HK Cent</b>	<b>HK Cent</b>	<b>HK Cent</b>	<b>HK Cent</b>
— basic	10	<b>0.85</b>	0.6	<b>0.2</b>	1.0
— diluted	10	<b>0.85</b>	0.6	<b>0.2</b>	1.0

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
	<i>Note</i>		
<b>Non-current assets</b>			
Property, plant and equipment	11	3,488	4,025
Deposits placed for life insurance policies		7,861	7,746
Available-for-sale financial assets		13,000	–
Deferred tax assets		2,439	2,057
		26,788	13,828
<b>Current assets</b>			
Trade and other receivables	12	58,489	46,504
Pledged bank deposits		7,813	4,962
Income tax refundable		–	692
Cash and bank balances		28,664	34,576
		94,966	86,734
<b>Current liabilities</b>			
Trade and other payables	13	47,244	42,473
Amount due to ultimate holding company		–	1,657
Obligations under finance lease		131	303
Income tax payable		1,842	–
Bank borrowings — secured		8,892	16,712
		58,109	61,145
<b>Net current assets</b>		36,857	25,589
<b>Total assets less current liabilities</b>		63,645	39,417
<b>Non-current liabilities</b>			
Obligations under finance lease		79	130
		63,566	39,287
<b>Capital and reserves</b>			
Share capital	14	4,152	4,000
Reserves		59,414	35,287
<b>Total equity</b>		63,566	39,287

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Share options reserve HK\$'000	Convertible notes reserve HK\$'000	Merger reserve HK\$'000	Retained profits HK\$'000	
As at 1 April 2014 (audited)	4,000	24,088	–	–	4,750	20,729	53,567
Profit and total comprehensive income for the period (unaudited)	–	–	–	–	–	4,036	4,036
Dividends paid to equity holders — final dividend of HK5 cents per share for the year ended 31 March 2014 (unaudited)	–	–	–	–	–	(20,000)	(20,000)
Changes in equity for the period (unaudited)	–	–	–	–	–	(15,964)	(15,964)
As at 30 September 2014 (unaudited)	4,000	24,088	–	–	4,750	4,765	37,603
As at 1 April 2015 (audited)	4,000	24,088	745	–	4,750	5,704	39,287
Profit and total comprehensive income for the period (unaudited)	–	–	–	–	–	792	792
Recognition of share-based payments (unaudited)	–	–	3,127	–	–	–	3,127
Issue of convertible notes (unaudited)	–	–	–	360	–	–	360
Conversion of convertible notes (unaudited)	152	20,208	–	(360)	–	–	20,000
Changes in equity for the period (unaudited)	152	20,208	3,127	–	–	792	24,279
As at 30 September 2015 (unaudited)	4,152	44,296	3,872	–	4,750	6,496	63,566

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2015</b>	2014
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(unaudited)</b>	(unaudited)
Net cash (used in)/generated from operating activities	<b>(2,232)</b>	8,470
Net cash used in investing activities	<b>(15,999)</b>	(10,495)
Net cash from/(used in) financing activities	<b>12,717</b>	(1,930)
Net decrease in cash and cash equivalents	<b>(5,514)</b>	(3,955)
Cash and cash equivalents at beginning of the period	<b>32,540</b>	34,767
Cash and cash equivalents at end of the period	<b>27,026</b>	30,812
Analysis of cash and cash equivalents		
Cash and bank balances	<b>28,664</b>	32,433
Bank overdrafts	<b>(1,638)</b>	(1,621)
	<b>27,026</b>	30,812

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 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 and its shares are listed on the Growth Enterprise Market (“GEM”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

These unaudited condensed consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company and its subsidiaries.

## 2. BASIS OF PRESENTATION

These unaudited condensed consolidated financial statements of the Group for the six months ended 30 September 2015 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (“GEM Listing Rules”).

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 March 2015.

The unaudited condensed consolidated financial statements have been prepared under historical cost convention except for available-for-sale financial assets which are measured at fair value. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies adopted are consistent with those applied in the Group’s annual financial statements for the year ended 31 March 2015.

In the current period, the Group has adopted all the new/revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant to its operation and effective for its accounting period beginning on 1 April 2015.

The Group has not yet applied new/revised HKFRSs that have been issued but not yet effective. The Group is in the process of assessing, where applicable, the potential impact of these new/revised HKFRSs but is not yet in a position to state whether these new/revised HKFRSs would have a material impact on its results of operations.

These condensed consolidated financial statements have not been audited but have been reviewed by the Audit Committee of the Company.

### 3. SEGMENT INFORMATION

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

During the three and six months ended 30 September 2015 and 2014, all revenue were derived from customers in Hong Kong and the Group's non-current assets at the end of each reporting periods were located in Hong Kong.

### 4. REVENUE

The Group is principally engaged in the provision of property management services during the three and six months ended 30 September 2015 and 2014. An analysis of the Group's revenue is as follows:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Provision of property management services	<u>94,105</u>	<u>84,175</u>	<u>186,096</u>	<u>166,616</u>

### 5. OTHER REVENUE

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interest income	76	74	152	148
Sundry income	<u>1,205</u>	<u>24</u>	<u>1,205</u>	<u>37</u>
	<u>1,281</u>	<u>98</u>	<u>1,357</u>	<u>185</u>

### 6. FINANCE COSTS

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Interest on bank borrowings wholly repayable within five years	82	163	216	335
Interest on convertible notes	312	–	360	–
Finance lease changes	<u>3</u>	<u>6</u>	<u>8</u>	<u>13</u>
	<u>397</u>	<u>169</u>	<u>584</u>	<u>348</u>



## 7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Staff costs including directors' remuneration:				
— Salaries, wages and other staff benefits	77,488	68,941	155,852	137,747
— Contributions to retirement benefit scheme	2,345	2,245	4,689	4,488
— Equity-settled share-based payments	—	—	920	—
	<u>79,833</u>	<u>71,186</u>	<u>161,461</u>	<u>142,235</u>
Auditors' remuneration	217	163	380	325
Depreciation of property, plant and equipment	346	281	686	536
Operating lease rentals in respect of premises	803	643	1,537	1,280
Equity-settled consultancy fees	—	—	2,207	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

## 8. INCOME TAX EXPENSE

	Three months ended 30 September		Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
The tax charge comprises:				
Hong Kong Profits Tax				
— current period	1,298	700	2,534	1,233
Deferred taxation	(84)	(93)	(382)	(245)
	<u>1,214</u>	<u>607</u>	<u>2,152</u>	<u>988</u>

The Company is tax exempted under the laws of the Cayman Islands. The subsidiaries of the Company operating in Hong Kong are subject to Hong Kong Profits Tax at a tax rate of 16.5% (2014: 16.5%) on the assessable profits earned in Hong Kong.

## 9. DIVIDEND

The Directors do not recommend the payment of any dividend for the three and six months ended 30 September 2015 (2014: Nil).

## 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 three and six months ended 30 September 2015 attributable to owners of the Company of approximately HK\$3.4 million and HK\$0.8 million respectively (three and six months ended 30 September 2014: profit of approximately HK\$2.3 million and HK\$4.0 million respectively) and the weighted average number of ordinary shares of 403,458,415 and 401,738,657 respectively (three and six months ended 30 September 2014: 400,000,000) in issue during the periods.

### Diluted earnings per share

The effects of all potential ordinary shares of the Company in respect of share options and convertible notes for the three and six months ended 30 September 2015 do not give rise to any dilution effect to the earnings per share. For the three and six months ended 30 September 2014, the Company did not have any potential dilutive ordinary shares.

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2015, the Group acquired property, plant and equipment at a cash consideration of approximately HK\$0.14 million mainly for computer software and equipment (2014: approximately HK\$1.3 million).

## 12. TRADE AND OTHER RECEIVABLES

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
Trade receivables	53,571	42,112
Deposits, prepayments and other receivables	4,918	4,392
	<u>58,489</u>	<u>46,504</u>

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

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

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

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
Overdue by:		
1 to 30 days	32,267	27,356
31 to 60 days	11,499	9,395
61 to 90 days	4,359	2,458
Over 90 days	5,446	2,903
	<u>53,571</u>	<u>42,112</u>

### 13. TRADE AND OTHER PAYABLES

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
Trade payables	1,468	1,162
Other payables and accruals	45,776	41,311
	<u>47,244</u>	<u>42,473</u>

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

The aging analysis of the trade payables is as follows:

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
1 to 30 days	<u>1,468</u>	<u>1,162</u>

### 14. SHARE CAPITAL

	As at 30 September 2015 <i>HK\$</i> (unaudited)	As at 31 March 2015 <i>HK\$</i> (audited)
<b>Authorised:</b> 5,000,000,000 ordinary shares of HK\$0.01 each	<u>50,000,000</u>	<u>50,000,000</u>
<b>Issued and fully paid:</b> 415,151,515 (as at 31 March 2015: 400,000,000) ordinary shares of HK\$0.01 each	<u>4,151,515</u>	<u>4,000,000</u>

A summary of the movements in the issued share capital of the Company is as follows:

	Number of ordinary shares issued	Nominal value of shares issued <i>HK\$</i>
At 1 April 2014, 31 March 2015 and 1 April 2015	400,000,000	4,000,000
Issue of shares on conversion of convertible notes ( <i>note</i> )	<u>15,151,515</u>	<u>151,515</u>
At 30 September 2015	<u><u>415,151,515</u></u>	<u><u>4,151,515</u></u>

*Note:* On 8 September 2015, convertible notes with value of HK\$20,000,000 were converted into 15,151,515 ordinary shares of the Company. Please refer to the Company's announcements dated 9 June 2015 and 19 June 2015 respectively for the details of the issuance of the convertible notes.

## 15. RELATED PARTY TRANSACTIONS

In addition to the related party transactions and balances disclosed elsewhere in the condensed financial statements, the Group had the following material transactions with its related parties during the three and six months ended 30 September 2014 and 2015.

	Three months ended 30 September		Six months ended 30 September	
	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2014 <i>HK\$'000</i> (unaudited)
Related party transactions				
(i) Related company				
— Rental expenses paid to More Rise Investment Limited ("More Rise") ( <i>note</i> )	<u>84</u>	<u>69</u>	<u>168</u>	<u>138</u>
(ii) Directors				
— Compensation of key management personnel	<u>2,433</u>	<u>1,429</u>	<u>6,072</u>	<u>2,912</u>

*Note:* Mr. Ho Ying Choi, a director of the Company is also a director of More Rise.

## 16. LEASE COMMITMENTS

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

	As at 30 September 2015 <i>HK\$'000</i> (unaudited)	As at 31 March 2015 <i>HK\$'000</i> (audited)
Within one year	2,304	2,269
In the second to fifth years inclusive	<u>1,399</u>	<u>456</u>
	<u><u>3,703</u></u>	<u><u>2,725</u></u>

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

## **17. CONTINGENT LIABILITIES**

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

Performance bond has been issued by several banks as the Group keeps certain incorporated owners' funds in the form of client accounts which are held on trust for and on behalf of the customers. These client accounts were not recognised as assets and associated liabilities in the financial statements of the Group. At the end of the reporting period, the Directors do not consider it probable that a claim on the performance bonds will be made against the Group.

As at 30 September 2015, the amount of outstanding performance bond was approximately HK\$18.0 million (as at 31 March 2015: approximately HK\$18.2 million).

As at 30 September 2015, the aggregate amounts of the bank balances in the client accounts mentioned above were approximately HK\$27.8 million (as at 31 March 2015: approximately 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 30 September 2015.

## **18. EVENTS AFTER THE REPORTING PERIOD**

On 17 September 2015, the Company and Kingston Securities Limited (the "Placing Agent") entered into a placing agreement in respect of placement of 80,000,000 ordinary shares of HK\$0.01 each ("Placing Share") at a price of HK\$0.4 each (the "Placing") to not fewer than six placees (the "Placees") who are the independent third parties to the Company.

On 6 October 2015, the Board announced that all the conditions of the Placing have been fulfilled and the completion of the Placing took place on the same date, whereby 80,000,000 Placing Shares have been successfully placed by the Placing Agent to the Placees at the placing price of HK\$0.40 per Placing Share pursuant to the terms and conditions of the placing agreement.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placees and their ultimate beneficial owners are independent third parties.

None of the Placees has become a substantial shareholder (as defined under the GEM Listing Rules) immediately after the completion of the Placing. The net proceeds from the Placing, after deducting the placing commission and other expenses in connection with the Placing from the gross proceeds, is approximately HK\$31.2 million which is intended to be used for the general working capital of the Group. The net proceeds have not yet been utilized as of the date of this announcement.

Details of the Placing are disclosed in the Company's announcements dated 18 September 2015 and 6 October 2015 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Overview

The Group is a property management services group principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties. The Group operates under the brand name of “Kong Shum” and provides a range of management services including security, repair and maintenance, cleaning, finance management, administrative and legal support. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned management services. The Group also employs a team of security staff to provide security services as part of the services provided under property management contracts or under stand-alone security services contracts. For the six months ended 30 September 2015, 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 Hai 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 at the date of this announcement and the Company has decided not to proceed with the Proposed Investments under the LOIs.

## Financial review

For the six months ended 30 September 2014 and 2015, all of the Group's revenue was derived from its operation in Hong Kong. The following table sets out the Group's revenue by contract type for each of six months ended 30 September 2014 and 2015:

	Six months ended 30 September			
	2015		2014	
	<i>HK\$'million</i>	<i>Percentage</i>	<i>HK\$'million</i>	<i>Percentage</i>
Property management services contracts	<b>176.1</b>	<b>94.6%</b>	156.3	93.8%
Property security services contracts	<b>10.0</b>	<b>5.4%</b>	10.3	6.2%
	<b>186.1</b>	<b>100%</b>	166.6	100%

The Group's revenue improved by approximately 11.7% from approximately HK\$166.6 million for the six months ended 30 September 2014 to approximately HK\$186.1 million for the six months ended 30 September 2015. The increase was primarily attributable to the growth of revenue generated from property management services contracts, increasing by around 12.7% to approximately HK\$176.1 million for the six months ended 30 September 2015. Revenue generated from security services contracts has a slight decrease of around 2.9% to approximately HK\$10 million for the six months ended 30 September 2015.

The gross profit of the Group increased by approximately 13.1% from approximately HK\$34.4million for the six months ended 30 September 2014 to approximately HK\$39.0 million for the six months ended 30 September 2015. The gross profit margin was remained stable at approximately 20.7% and 20.9% for six months ended 30 September 2014 and 2015 respectively. The total cost of services amounted to approximately HK\$132.2 million and HK\$147.1 million for the six months ended 30 September 2014 and 2015, representing approximately 79.3% and 79.1% of the Group's revenue respectively.

Profit and total comprehensive income attributable to owners of the Company decreased by approximately 80.4% from approximately HK\$4.0 million for six months ended 30 September 2014 to approximately HK\$0.8 million for six months ended 30 September 2015. The Group's net profit margin decreased by approximately 2.0 percentage point from approximately 2.4% for the six months ended 30 September 2014 to 0.4% for the six months ended 30 September 2015. This was mainly attributable to the recognition of the share-based payment expenses of approximately HK\$3.1 million.

## **OPERATION REVIEW**

### **Human resources**

As at 30 September 2015, the Group had a total of 2,241 employees (as at 30 September 2014: 2,078 employees). The Group's staff costs for the six months ended 30 September 2015 amounted to approximately HK\$161.5 million (2014: HK\$142.2 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 six months ended 30 September 2015, four facility management service contracts for non-domestic property management segment which included 2 shopping complexes, 1 carpark area and shop empty bay were awarded to the Group. The success in securing the contracts give the Group confidence to expand the property management portfolio continuously. In addition, 12 property management contracts and 1 stand-alone security service contract were awarded to the Group during the period under review.

As at 30 September 2015, there were in total 422 service contracts (covering around 90,000 households) comprising 395 property management service contracts, 13 stand-alone security service contracts and 14 facility management service contracts.

### **Contract renewal complying with procedural requirements**

A service contract which does not comply with the procedural requirements for contract renewal as stipulated in section 20A of the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) may be cancelled by the owners' corporation. For the 422 contracts in force as at 30 September 2015, 94 service contracts are not in strict compliance with the said contract renewal requirements, hence, termination notice were served on clients involving in these contracts. All of the remaining 328 valid contracts as at 30 September 2015 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 six months ended 30 September 2015 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

### **Client accounts**

As at 30 September 2015, the Group held 57 (as at 31 March 2015: 52 clients) client accounts amounting to approximately HK\$27.8 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 30 September 2015, the banks issued 11 (as at 31 March 2015: 13) bond certificates amounting to approximately HK\$18.0 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.

## **Outlook**

The property market in the Hong Kong is expanding. Public opinion voices concern over the housing stock production. It is expected that the speeding up of the completion of construction of properties in the near future will solve the heavy demand on housing. It is envisaged that the property management business will expand simultaneously. On the other hand, even though strong competition and soaring cost resulting from minimum wage revision and inflation are unavoidable, the Directors are confident that the Group is 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 benefit from the Listing.

## **Liquidity, financial resources and capital structure**

The Group's bank borrowings and obligations under finance lease, as at 30 September 2015 was approximately HK\$9.1 million (as at 31 March 2015: approximately HK\$17.1 million). As at 30 September 2015, the Group had bank balances and cash of approximately HK\$28.7 million (as at 31 March 2015: approximately HK\$34.6 million). As at 30 September 2015, the Group's net current assets amounted to approximately HK\$36.9 million (as at 31 March 2015: approximately HK\$25.6 million). Current ratio as at 30 September 2015 was approximately 1.63 times (as at 31 March 2015: approximately 1.42 times).

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

## **Capital expenditure**

The Group purchased property, plant and equipment amounting to approximately HK\$0.14 million for the six months ended 30 September 2015 (six months ended 30 September 2014: approximately HK\$1.3 million).

## **Capital commitments**

The Group did not have any significant capital commitments as at 30 September 2015 (as at 31 March 2015: Nil).

## **Gearing ratio**

The Group's gearing ratio, defined as the total debt (i.e. bank borrowing and finance leases obligation) divided by total equity, as at 30 September 2015 is 14.3% (as at 31 March 2015: 43.6%).

## Major investment and issue of convertible notes

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

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

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

The Share Subscription was completed on 30 June 2015.

“Yes Master!” was officially launched in August 2015 and All Profit has been generating revenue.

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

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

The Subscription was completed on 19 June 2015. Details of the Subscription are disclosed in the Company’s announcements dated 9 June 2015 and 19 June 2015 respectively.

The CNs were fully converted into 15,151,515 ordinary shares of the Company on 8 September 2015.

## **Charges over assets of the Group**

As at 30 September 2015, certain bank deposits of approximately HK\$7.8 million (as at 31 March 2015: approximately HK\$5 million) and the deposits placed for life insurance policies of approximately HK\$7.9 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\$0.5 million and HK\$0.8 million as at 30 September 2015 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 Chairman, an Executive Director and the 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, Mr. Liu has disposed of 87,760,000 shares of the Company on the market. Such disposal represented approximately 21.14% of the issued share capital of the Company as at the date of the disposal. Subsequent to the said disposal of shares, Mr. Liu ceased to be a shareholder of the Company.

## **Resignation of the Chairman, Executive Director, Chief Executive Officer and Member of Remuneration Committee and Nomination Committee and Change of Authorized Representative**

On 8 September 2015, the Board announced that Mr. Liu had resigned as the Chairman of the Board, an Executive Director and the Chief Executive Officer of the Company with effect from 8 September 2015 due to his other business commitments. Mr. Liu also ceased to be a member of the Remuneration Committee and the Nomination Committee of the Company, an authorized representative of the Company pursuant to Rule 5.24 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and an authorized representative of the Company for accepting service of process in Hong Kong under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 8 September 2015.

## **Placing of New Shares Under General Mandate**

The Company entered into a placing agreement with Kingston Securities Limited on 17 September 2015, pursuant to which 80,000,000 new ordinary shares of par value of HK\$0.01 each of the Company would be placed at HK\$0.40 per share to independent third parties (the “Placing”). Details of the Placing are set out in the Company’s announcement dated 17 September 2015.

The Company completed the Placing on 6 October 2015.

## 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 30 September 2015 (the “Review Period”) with the Group’s actual business progress for the Review Period is set out as follows:

	<b>Business objectives stated in the Prospectus</b>	<b>Actual business progress</b>
<b>Expansion of the property management portfolio</b>	<ul style="list-style-type: none"><li>— Hire additional professional as maintenance surveyors and building services engineers;</li><li>— Establish a new property management team with one property manager, one executive manager and two administrative staff;</li><li>— Prepare promotional materials;</li><li>— commence provision of management services to fifteen new non-residential properties;</li></ul>	<p>During the period, one Property and Facility Management Division Surveyor was hired and some engineers will join the working group in future.</p> <p>Subsequent to the formation of the working group comprising of different professionals, such as the Registered Housing Managers and the Chartered Surveyors, the Group has taken part in tendering of various non-domestic property management contracts including carparks, shopping complex, government office building and educational institute, etc.</p> <p>During the period, the Group has commenced provision of management services to the following properties:</p> <ul style="list-style-type: none"><li>— Wing Ying Mansion (Car Park)</li><li>— Allied Plaza</li><li>— 298 Computer Zone</li><li>— G/F, Shop B, Plaza of Kimbo Building</li><li>— Metro Shum Shui</li><li>— Pak Shing Building Plaza</li><li>— Tai Po Government Secondary School</li><li>— St. Joseph’s Anglo-Chinese School</li><li>— St. Paul’s Co-educational (Kennedy Road) Primary School</li><li>— St. Francis of Assisi’s Caritas School</li><li>— May Shing Court of Housing Department</li><li>— Full Shing Plaza, Yuen Long</li><li>— U-Town Shopping Arcade</li><li>— King’s Park Lane</li><li>— The Hong Kong International Theme Parks Ltd</li></ul>

## **Business objectives stated in the Prospectus**

- Purchase additional equipment such as car park control equipment and elevated working platforms for the expanded customer portfolio;
- continue to take part in tendering of various non-residential property management contracts; and

## **Actual business progress**

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

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

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

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)

**Business objectives stated  
in the Prospectus**

- evaluate the business plan performance.

**Actual business progress**

In the past two years, the Group always strives to expand the customer base by putting more resources into management of non-residential properties. We had been awarded totally 14 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 on the Group's revenue. The Group's revenue reported an increase of approximately 11.7% during the six months ended 30 September 2015 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 (the “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 Building Department officials inspected the buildings immediately and promptly declared the building dangerous. Occupants were ordered to vacate the buildings within 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 that 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 will step in to redevelop the old buildings so as to avoid adverse criticism, if they are condemned unsafe.

Since then, the Scheme gradually encountered unfavourable responses and setback. Many old building owners are waiting for their flats to be acquired and redeveloped. It is apparent that the property market has changed drastically recently. Though much effort has been made to promote the Scheme in the targeted old districts, unfortunately, such effort is in vain.

In view of the recent developments and observations, the management anticipates that the Scheme will continue to face acute challenges. The Directors will continue to observe the trend of Government policies. Market researches will also be conducted to identify target properties for property management. The implementation of the Scheme will also be reviewed in due course.

## **Principal Risks and Uncertainties in Implementation of the Business Plan**

There is no assurance that the Group’s future business plans will 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 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. The implementation of the Scheme will be further reviewed in due course.



## Use of proceeds from the Listing

The actual net proceeds from the issue of new shares of the Company under the Placing as set out in the Prospectus were approximately HK\$17.5 million, which was different from the estimated net proceeds of approximately HK\$24.4 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). For the period from the 20 September 2013 until 30 September 2015, the Group has applied the net proceeds as follows:

	Net proceeds (HK\$ million)		
	Available	Utilised	Unutilised
Repayment of bank loans	7.5	7.5	–
Implementation of old district property management scheme	2.4	–	2.4
Expansion of the property management portfolio	4.3	4.3	–
	<u>14.2</u>	<u>11.8</u>	<u>2.4</u>

The unutilized 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.

## SHARE-BASED PAYMENTS

### Equity-settled share option scheme

On 19 September 2013, the Company has adopted a share option scheme (the "Share Option Scheme") whereby the Board is authorised to grant share options to any employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner of the Company or any subsidiary (including any director of the Company or any subsidiary) who is in full-time or part-time employment with or otherwise engaged by the Company or any subsidiary at the time when an option is granted to such employee, adviser, consultant, service provider, agent, customer, partner or joint-venture partner or any person who, in the absolute discretion of the Board, has contributed or may contribute to the Group as incentive or reward for their contribution to the Group.

The Share Option Scheme shall be valid and effective commencing from the adoption date of the Share Option Scheme (i.e. 19 September 2013) until the termination date as provided therein which being the close of business of the Company on the date which falls ten years from the date of the adoption of the Share Option Scheme (i.e. 18 September 2023).

The principal terms of the Share Option Scheme are summarised in the section headed “Share Option Scheme” in Appendix IV to the Prospectus of the Company dated 30 September 2013.

On 6 February 2015, the Board resolved to grant 20,000,000 share options to certain Executive Directors and consultants of the Group pursuant to the Share Option Scheme, to subscribe for shares of the Company at an exercise price of HK\$1.09 per option. The closing price of the Company’s share immediately before the date on which the share options were granted was HK\$0.99 and the life of the share options is three years.

Details of specific categories of options are as follows:

Grantee	Date of grant	Vesting period	Exercise period	Exercise price HK\$	No. of share options outstanding
<i>Executive Directors</i> Shen Ka Yip, Timothy	6 February 2015 (A)	N/A	6 February 2015 to 5 February 2018	1.09	200,000
Lai Sze Yau, Vivien	6 February 2015 (A)	N/A	6 February 2015 to 5 February 2018	1.09	200,000
<i>Executive Directors</i> Shen Ka Yip, Timothy	6 February 2015 (B)	6 February 2015 to 29 June 2015	30 June 2015 to 5 February 2018	1.09	3,800,000
Lai Sze Yau, Vivien	6 February 2015 (B)	6 February 2015 to 29 June 2015	30 June 2015 to 5 February 2018	1.09	3,800,000
Consultants	6 February 2015 (C)	N/A	6 February 2015 to 5 February 2018	1.09	600,000
Consultants	6 February 2015 (D)	N/A	30 June 2015 to 5 February 2018	1.09	11,400,000

Details of the share options outstanding as at 30 September 2015 are set out below:

	<b>2015</b>	
	<b>Number of options</b>	<b>Weighted average exercise price HK\$</b>
Outstanding at 1 April 2015 and 30 September 2015	<u>20,000,000</u>	<u>1.09</u>
Exercisable at the end of the period	<u>20,000,000</u>	<u>1.09</u>

No share option has been granted, exercised, cancelled or lapsed during the period ended 30 September 2015.

Share options granted to consultants were incentives for their services to assist the Group expanding its business network and exploring new business opportunities. The fair values of such benefit could not be measured reliably and as a result, fair values of share options are measured by reference to the fair values at the measurement date.

The estimated fair values of the options granted on 6 February 2015 are determined by Peak Vision Appraisals Limited, an independent professional valuer using the Binomial model. The estimated fair values and significant inputs into the model are as follows:

	Share options grant date			
	6 February 2015 (A)	6 February 2015 (B)	6 February 2015 (C)	6 February 2015 (D)
Option price model	Binomial	Binomial	Binomial	Binomial
Estimated fair value at the measurement date	HK\$77,440	HK\$1,471,360	HK\$116,160	HK\$2,207,040
No. of options granted	400,000	7,600,000	600,000	11,400,000
Weighted average exercise price	HK\$1.09	HK\$1.09	HK\$1.09	HK\$1.09
Expected volatility <sup>(1)</sup>	35.98%	35.98%	35.98%	35.98%
Expected life <sup>(2)</sup>	3 years	3 years	3 years	3 years
Risk-free rate <sup>(3)</sup>	0.72%	0.72%	0.72%	0.72%
Expected dividend yield <sup>(4)</sup>	4.59%	4.59%	4.59%	4.59%

*Notes:*

- <sup>(1)</sup> Expected volatility was determined by reference to the volatilities of companies operating in the same industry as the Company.
- <sup>(2)</sup> The expected life used in the model is the duration of the option life.
- <sup>(3)</sup> Risk-free rate adopted in the model was based on the yield of HK\$ Hong Kong Sovereign Curve.
- <sup>(4)</sup> The historical dividend yield of the Company's stock is used to estimate the future dividend yield of the stock during the option validity period.

## **CORPORATE GOVERNANCE PRACTICES**

The Company endeavours to maintain high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. The Company has complied with the required code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules for the six months ended 30 September 2015 except for the following deviations:

Under code provision A.2.1, the responsibilities between chairman and chief executive officer should be divided. Mr. Liu Dan was the Chairman and the Chief Executive Officer of the Company before his resignation on 8 September 2015. The Board believed that vesting the roles of both Chairman and 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 also 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 caliber individuals with sufficient number thereof being independent non-executive Directors.

Under code provision A.6.7, independent non-executive directors and other non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders. However, due to business engagements, Mr. Shum Lok To, Non-executive Director, Mr. Bai Jin Rong and Mr. Tso Siu Lun, Alan, both are Independent Non-executive Directors, did not attend the annual general meeting of the Company held on 14 August 2015.

## **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 six months ended 30 September 2015.

## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 September 2015, the interest and short position of the Directors and Chief Executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rules 5.46 of the GEM Listing Rules were as follows:

### **Long positions in shares or underlying shares of the Company**

<b>Name</b>	<b>Capacity</b>	<b>Number of ordinary shares held</b>	<b>Number of options held</b>	<b>Total</b>	<b>Percentage of the Company's issued share capital</b>
Mr. Shen Ka Yip, Timothy	Beneficial owner	–	4,000,000	4,000,000	0.96%
Ms. Lai Sze Yau, Vivien	Beneficial owner	112,000	4,000,000	4,112,000	0.99%

Save as disclosed above, as at 30 September 2015, none of the Directors and Chief Executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

### **PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period ended 30 September 2015.

## **CONTRACT OF SIGNIFICANCE**

Save for the respective director service contract with each Director, the share options granted to Directors, and the rental expenses paid to a related company, no Director had a material interest, whether directly or indirectly, in any contract of significance to the business of the Group to which the Company, or any of its subsidiaries or fellow subsidiaries was a party during the period.

## **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 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.

## **BOARD COMPOSITION AND DIVERSITY POLICY**

The Company has adopted 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 changes in its 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 should diversify its composition 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 should 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 should 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.

## **COMPETING INTERESTS**

The Directors confirm that 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 30 September 2015, except for the compliance adviser agreement entered into between the Company and Ample Capital Limited dated 27 September 2013, neither Ample Capital Limited nor any of its directors, employees and close associates had any interest in relation to the Group.

## 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. Bai Jin Rong and Mr. Tso Siu Lun, Alan. The Audit Committee has reviewed the Company's unaudited financial statements for the period ended 30 September 2015 and recommended for the Board's approval.

By order of the Board  
**Kong Shum Union Property Management (Holding) Limited**  
**Ho Ying Choi**  
*Executive Director*

Hong Kong, 9 November 2015

*As at the date of this announcement, the Executive Directors are Mr. Ho Ying Choi, Mr. Shen Ka Yip, Timothy, Ms. Lai Sze Yau, Vivien and Ms. Wu Yilin; the Non-executive Director are Mr. Shum Lok To and Mr. Wong Kui Shing, Danny; and the Independent Non-executive Directors are Mr. Bai Jin Rong, Mr. Tso Siu Lun, Alan and Mr. Lam Kai Yeung.*

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