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

**ANNOUNCEMENT OF QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 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 “Director(s)”) 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.

UNAUDITED FINANCIAL RESULTS

The board of Directors (the “Board”) of the Company is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the nine months ended 31 December 2016, together with the unaudited comparative figures for the corresponding period in 2015 as follows:

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

		Three months ended 31 December		Nine months ended 31 December	
	<i>Notes</i>	2016	2015	2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	99,679	92,998	295,744	279,094
Cost of services		(79,336)	(73,882)	(233,949)	(221,014)
Gross profit		20,343	19,116	61,795	58,080
Other revenue	5	80	76	232	1,433
Administrative expenses		(11,937)	(13,372)	(36,741)	(40,170)
Other operating expenses		(4,147)	(4,576)	(13,416)	(14,571)
Finance costs	6	(38)	(63)	(151)	(647)
Profit before tax	7	4,301	1,181	11,719	4,125
Income tax expense	8	(970)	(832)	(2,876)	(2,984)
Profit and total comprehensive income for the period attributable to owners of the Company		3,331	349	8,843	1,141
Earnings per share		<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>	<i>HK Cent</i>
— basic	10	0.56	0.1	1.65	0.3
— diluted	10	0.56	0.1	1.65	0.3

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	Total reserve HK\$'000	
As at 1 April 2015 (audited)	4,000	24,088	745	-	4,750	5,704	35,287	39,287
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	-	1,141	1,141	1,141
Recognition of share-based payments (unaudited)	-	-	3,127	-	-	-	3,127	3,127
Placing of shares (unaudited)	800	31,200	-	-	-	-	31,200	32,000
Expenses incurred in connection with the placing shares (unaudited)	-	(794)	-	-	-	-	(794)	(794)
Issue of convertible notes (unaudited)	-	-	-	360	-	-	360	360
Conversion of convertible notes (unaudited)	152	20,208	-	(360)	-	-	19,848	20,000
Changes in equity for the period (unaudited)	952	50,614	3,127	-	-	1,141	54,882	55,834
As at 31 December 2015 (unaudited)	<u>4,952</u>	<u>74,702</u>	<u>3,872</u>	<u>-</u>	<u>4,750</u>	<u>6,845</u>	<u>90,169</u>	<u>95,121</u>
As at 1 April 2016 (audited)	4,952	74,983	3,872	4,750	(8,733)	8,518	83,390	88,342
Profit and total comprehensive income for the period (unaudited)	-	-	-	-	-	8,843	8,843	8,843
Placing of shares (unaudited)	990	21,780	-	-	-	-	21,780	22,770
Expenses incurred in connection with the placing shares (unaudited)	-	(763)	-	-	-	-	(763)	(763)
Changes in equity for the period (unaudited)	990	21,017	-	-	-	8,843	29,860	30,850
As at 31 December 2016 (unaudited)	<u>5,942</u>	<u>96,000</u>	<u>3,872</u>	<u>4,750</u>	<u>(8,733)</u>	<u>17,361</u>	<u>113,250</u>	<u>119,192</u>

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 Unit 906, 9/F., Wings Building, 110–116 Queen’s Road Central, Central, 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 results 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 nine months ended 31 December 2016 have been prepared in accordance with accounting principles generally accepted in Hong Kong and in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the 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 2016.

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 2016.

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.

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 nine months ended 31 December 2016 and 2015, all revenue were derived from customers in Hong Kong and the Group’s non-current assets as at 31 December 2016 and 2015 were located in Hong Kong.

4. REVENUE

The Group is principally engaged in the provision of property management services during the nine months ended 31 December 2016 and 2015. An analysis of the Group's revenue recognised during the periods is as follows:

	Three months ended 31 December		Nine months ended 31 December	
	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
Provision of property management services	<u>99,679</u>	<u>92,998</u>	<u>295,744</u>	<u>279,094</u>

5. OTHER REVENUE

	Three months ended 31 December		Nine months ended 31 December	
	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
Interest income	75	76	227	228
Sundry income	<u>5</u>	<u>-</u>	<u>5</u>	<u>1,205</u>
	<u>80</u>	<u>76</u>	<u>232</u>	<u>1,433</u>

6. FINANCE COSTS

	Three months ended 31 December		Nine months ended 31 December	
	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)	2016 <i>HK\$'000</i> (unaudited)	2015 <i>HK\$'000</i> (unaudited)
Interest on bank borrowings	34	56	136	272
Interest on convertible notes	-	-	-	360
Finance lease charges	<u>4</u>	<u>7</u>	<u>15</u>	<u>15</u>
	<u>38</u>	<u>63</u>	<u>151</u>	<u>647</u>

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Staff costs including directors' remuneration:				
— Salaries, wages and other staff benefits	82,680	79,006	244,910	234,858
— Contributions to retirement benefit scheme	2,407	2,316	7,069	7,005
— Equity-settled share-based payments	—	—	—	920
	<u>85,087</u>	<u>81,322</u>	<u>251,979</u>	<u>242,783</u>
Auditors' remuneration	137	262	442	642
Depreciation of property, plant and equipment	276	370	882	1,056
Operating lease rentals in respect of premises	869	769	2,528	2,306
Equity-settled consultancy fees	—	—	—	2,207

8. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The tax charge comprises:				
Hong Kong Profits Tax				
— current period	1,093	1,030	3,560	3,564
Deferred taxation	(123)	(198)	(684)	(580)
	<u>970</u>	<u>832</u>	<u>2,876</u>	<u>2,984</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% (2015: 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 nine months ended 31 December 2016 (2015: 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 nine months ended 31 December 2016 attributable to owners of the Company of approximately HK\$3.3 million and HK\$8.8 million respectively (three and nine months ended 31 December 2015: profit of approximately HK\$0.3 million and HK\$1.1 million respectively) and the weighted average number of ordinary shares of 594,151,515 and 537,271,515 respectively (three and nine months ended 31 December 2015: 489,933,760 and 431,244,077) 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 do not give rise to any dilution effect to the earnings per share.

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 nine months ended 31 December 2016, the Group provided property security services for 16 properties under stand-alone security services contracts. The operating arm of the Group’s security services is mainly Q & V Security Company Limited (“Q&V”). The Group hires its own security staff to provide property security services. The Group also employs registered technicians to provide basic repair and maintenance services to its customers if required. In relation to the cleaning services, the Group subcontracts substantially all of its cleaning services to third-party contractors.

Financial review

For the nine months ended 31 December 2016 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 nine months ended 31 December 2016 and 2015:

	Nine months ended 31 December			
	2016		2015	
	<i>HK\$’million</i>	<i>Percentage</i>	<i>HK\$’million</i>	<i>Percentage</i>
Property management services contracts	272.7	92.2%	264.0	94.6%
Property security services contracts	23.0	7.8%	15.1	5.4%
	295.7	100%	279.1	100%

The Group’s revenue improved by approximately 6.0% from approximately HK\$279.1 million for the nine months ended 31 December 2015 to approximately HK\$295.7 million for the nine months ended 31 December 2016. The increase was primarily attributable to the growth of revenue generated from property management services contracts by approximately 3.3% to approximately HK\$272.7 million for the nine months ended 31 December 2016. Revenue generated from property security services contracts recorded an increase of approximately 52.3% to approximately HK\$23.0 million for the nine months ended 31 December 2016.

The gross profit of the Group increased by approximately 6.4% from approximately HK\$58.1 million for the nine months ended 31 December 2015 to approximately HK\$61.8 million for the nine months ended 31 December 2016. The gross profit margin was approximately 20.8% and approximately 20.9% for the nine months ended 31 December 2015 and 2016 respectively. Total cost of services amounted to approximately HK\$221.0 million and approximately HK\$233.9 million for the nine months ended 31 December 2015 and 2016 respectively, representing approximately 79.2% and approximately 79.1% of the Group's revenue for both periods.

The Group has recorded a profit of approximately HK\$8.8 million for the nine months ended 31 December 2016 as compared to the profit of approximately HK\$1.1 million for the nine months ended 31 December 2015. The increase was mainly attributable to the decrease in administrative expenses and other operating expenses for the nine months ended 31 December 2016 as no share-based payments for share options were incurred during such period.

OPERATION REVIEW

Human resources

As at 31 December 2016, the Group had a total of 2,159 employees (as at 31 March 2016: 2,087 employees). The Group's staff costs for the nine months ended 31 December 2016 amounted to approximately HK\$252.0 million (for nine months ended 31 December 2015: HK\$242.8 million). To ensure that the Group is able to attract and retain staff capable of attaining the best performance levels, remuneration packages are reviewed on a regular basis. In addition, discretionary bonus is offered to eligible employees of the Group by reference to the Group's results and individual performance.

Services contracts

Due to the well established team and project planning, during the nine month ended 31 December 2016, 2 facility management service contracts for non-domestic property management segment which included 2 shopping complexes were awarded to the Group. The success in securing the contract gave the Group confidence to expand the property management portfolio continuously. In addition, 15 property management contracts were awarded to the Group during the period under review.

As at 31 December 2016, there were a total of 430 service contracts comprising 399 property management service contracts, 15 stand alone securities contracts and 16 facility management service contracts (as at 31 December 2015: 419 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 those 430 service contracts in force as at 31 December 2016, 96 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 334 valid contracts as at 31 December 2016 were in compliance with the said procedural requirements or not applicable under the Building Management Ordinance. Senior management adopts a tight control system to monitor the compliance of the procedural requirements. All newly signed contracts during the nine months ended 31 December 2016 included the mandatory terms requiring the client to follow the said procedural requirements, if applicable.

Client accounts

As at 31 December 2016, the Group held 61 client accounts (as at 31 March 2016: 63) amounting to approximately HK\$54.79 million (as at 31 March 2016: approximately HK\$32.4 million) on trust for and on behalf of customers. These client accounts are opened in the names of the Group and the relevant property. Management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditures of these customers were paid by these client accounts.

Performance bond

As at 31 December 2016, the banks issued 10 bond certificates (as at 31 March 2016: 10) amounting to approximately HK\$20.43 million (as at 31 March 2016: approximately HK\$17.5 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 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 and of financial services in Hong Kong, which may include, but not limited to, (i) carrying out schemes for property consolidation, assembly and redevelopments; (ii) property trading and/or investment; (iii) obtaining a money lender's licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (iv) securities brokerage and/or asset management (the "Potential New Businesses"). The Board intends to develop the Potential New Businesses 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.

The 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. In view of the current economic and capital markets environment, the Board believes that engaging in the Potential New Businesses is an opportunity of the Group to diversify its source of income and will therefore be in the interest of the Company and its shareholders as a whole.

Notwithstanding the Group's intention to explore the Potential New Businesses, 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 Businesses will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES, JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSET

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 (as purchaser), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement (the "Agreement") with independent third parties (as vendors), pursuant to which the vendors have agreed to sell, and the Group has agreed to purchase, the entire issued share capital of the Target Company at a total consideration of HK\$2.5 million, payable by cash (the "Acquisition").

Details of the memorandum of understanding and the Agreement are disclosed in the Company's announcements dated 3 March 2016 and 26 May 2016 respectively. On 30 June 2016, the Board announced that all conditions precedent to completion ("Completion") of the Acquisition under the Agreement have been fulfilled and Completion took place on 30 June 2016 in accordance with the terms and conditions of the Agreement. Upon Completion, the Company owns 100% of the issued share capital of the Target Company and the Target Company has become an indirect wholly owned subsidiary of the Company. As such, the financial results of the Target Company has been consolidated into the accounts of the Group.

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 a strategic partnership framework agreement pursuant to which the Parties have agreed to establish strategic partnership in investment in and redevelopment of old buildings in Hong Kong. Details of the aforementioned agreement are set out in the Company’s announcement dated 13 June 2016. As at the date of this announcement, the establishment of strategic partnership as contemplated under the aforementioned agreement is still under progress.

Proposed Acquisition of a target company

On 20 January 2017 (after trading hours of the Stock Exchange), the Board announced that the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the “MOU”) with a potential vendor (the “Potential Vendor”). Pursuant to the MOU, the Company intends to acquire, and the Potential Vendor intends to dispose of, the entire issued share capital in a company incorporated in the British Virgin Islands with limited liability which, together with its subsidiaries (collectively, the “Target Group”) is currently licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”). The Target Group also holds a money lender’s licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong). In addition, the Target Group has recently submitted an application to the Securities and Futures Commission of Hong Kong for approval of the addition of Type 9 (asset management) regulated activity.

Details of the MOU and the Target Group are disclosed in the Company’s announcement dated 20 January 2017.

Discloseable and connected transaction involving the issue of the promissory notes

On 8 February 2017, Kong Shum Union Property Management Company Limited, a wholly-owned subsidiary of the Company (the “Purchaser”) and Mr. Ho Ying Choi, an executive Director of the Company and Mr. Ho Ying Cheung, a director of the Purchaser and brother of Mr. Ho Ying Choi (collectively, the “Vendors”) entered into an sale and purchase agreement, pursuant to which the Purchaser conditionally agreed to acquire and the Vendors conditionally agreed to sell the entire issued share capital of (i) Fortune Trend Investment Limited; and (ii) More Rise Investment Limited (collectively, the “Target Companies”), at a consideration of HK\$40 million, of which HK\$26 million will be satisfied in cash and HK\$14 million will be satisfied by the issue of promissory notes by the Purchaser to the Vendors (the “Properties Acquisition”). The Target Companies are wholly-owned by the Vendors (as to 50% by Mr. Ho Ying Choi and 50% by Mr. Ho Ying Cheung) and are principally engaged in property investment which owned two factory units in Hong Kong. As one or more of the applicable percentage ratios for the Properties Acquisition under the GEM Listing Rules are more than 5% but less than 25% and the Vendors are connected persons of the Company and the consideration for the Properties Acquisition exceeds HK\$10 million, the Properties Acquisition constituted a discloseable and connected transaction on the part of the Company and is subject to announcement, reporting and independent shareholders’ approval requirements under the GEM Listing Rules. Details of this transaction are disclosed in the Company’s announcement dated 8 February 2017.

Save for those disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the period under review. Apart from those disclosed in this announcement, there was no plan authorised by the Board for other material investments or addition of capital assets at the date of this announcement.

FUND RAISING ACTIVITIES

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 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, were terminated due to the then recent volatile market conditions, details of which are set out in the announcements of the Company dated 3 December 2015, 11 January 2016, 5 February 2016 and 21 April 2016.

Placing of new shares under general mandate

The Company entered into a placing agreement with Kingston Securities Limited (the “Placing Agent”) on 18 August 2016, pursuant to which 99,000,000 new ordinary shares (“Shares”) of par value of HK\$0.01 each of the Company would be placed, on a best effort basis at HK\$0.23 per share to independent third parties (the “Placing”). Details of the Placing are set out in the Company’s announcement dated 18 August 2016.

Completion of the Placing took place on 6 September 2016 and 99,000,000 Shares were successful placed by the Placing Agent.

Business update

On 20 December 2016, the Board announced that the Company is currently exploring suitable opportunities to commence and develop business of provision of financial services in Hong Kong, which may include, but no limited to, (i) obtaining a money lender’s licence under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong); and (ii) securities brokerage and/or asset management. The Board intends to develop the aforementioned 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, details of which are set out in the announcement of the Company dated 20 December 2016.

RESIGNATION AND APPOINTMENT OF THE CHAIRMAN OF THE BOARD AND DIRECTORS

On 29 July 2016, the Board announced that Mr. Yan Chi Ming (“Mr. Yan”) had resigned as the Chairman of the Board and an executive Director with effect from 29 July 2016 due to his other business commitments. On the same day, the Board also announced that Mr. Eric Todd has been appointed as the Chairman of the Board and an executive Director with effect from 1 August 2016 to fill the vacancy arising from the resignation of Mr. Yan. Details of the resignation of Mr. Yan and appointment of Mr. Todd as the Chairman of the Board and executive Director are disclosed in the Company’s announcement dated 29 July 2016.

On 19 September 2016, the Board announced that Ms. Wu Yilin had resigned as an executive Director with effect from 19 September 2016 so as to devote more time to her personal career. Details of the resignation of Ms. Wu are disclosed in the Company’s announcement dated 19 September 2016.

On 13 October 2016, the Board announced that Ms. Huang He had been appointed as an executive Director with effect from 13 October 2016. Details of the appointment of Ms. Huang are disclosed in the Company’s announcement dated 13 October 2016.

On 20 December 2016, the Board announced that Ms. Huang He (“Ms. Huang”) had resigned as the executive Director with effect from 20 December 2016 due to her other business commitments. On the same day, the Board also announced that Mr. Lee Chin Ching Cyrux (“Mr. Lee”) has been appointed as an executive Director with effect from 20 December 2016. Details of the resignation of Ms. Huang and appointment of Mr. Lee as executive Director are disclosed in the Company’s announcement dated 20 December 2016.

On 18 January 2017, the Board announced that Mr. Wong Kui Shing Danny (“Mr. Wong”) had resigned as a non-executive Director with effect from 18 January 2017 as he wished to devote more time to his personal career. Details of the resignation of Mr. Wong are disclosed in the Company’s announcement dated 18 January 2017.

UPDATE ON DIRECTORS’ INFORMATION

Pursuant to Rule 17.50A(1) of the GEM Listing Rules, changes in the Directors’ information since the disclosure made in the Company’s annual report 2015–2016 or the announcement in relation to the appointment of director (as the case may be) are set out as follows:

- Mr. Wong Kui Shing, Danny, a non-executive Director of the Company, was appointed as an executive director of Larry Jewelry International Company Limited (Stock code: 8351) with effect from 3 October 2016.

CHANGE OF ADDRESS OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

As disclosed in the announcement of the Company dated 29 July 2016, the address of head office and principal place of business in Hong Kong of the Company has been changed to Unit 906, 9/F., Wings Building, 110–116 Queen’s Road Central, Central, Hong Kong with effect from 1 August 2016.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, the Group has entered into a sale and purchase agreement with connected persons of the Company on 8 February 2017. Details of which are set out in the paragraph headed “Discloseable and connected transaction involving the issue of the promissory notes” and the Company’s announcement dated 8 February 2017.

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 Corporate Governance Code (the “Code”) contained in Appendix 15 of the GEM Listing Rules for the nine months ended 31 December 2016 except for the following deviations:

Under code provision A.4.2 of the Code, all Directors appointed to fill a casual vacancy should be subject to re-election by shareholders at the first general meeting after appointment. Mr. Yan Chi Ming was appointed by the Board as an executive Director with effect from 17 December 2015 to fill the casual vacancy occasioned as a result of the resignation of Mr. Liu Dan, and Mr. Lam Kai Yeung was appointed by the Board as an independent non-executive Director with effect from 19 October 2015 to fill the casual vacancy occasioned as a result of the resignation of Mr. Chow Siu Lui. Due to an inadvertent oversight, Mr. Yan Chi Ming and Mr. Lam Kai Yeung were not put forward for re-election at the extraordinary general meeting of the Company held on 22 June 2016. Mr. Yan Chi Ming subsequently resigned with effect from 29 July 2016 and Mr. Lam Kai Yeung retired and was re-elected at the annual general meeting of the Company held on 28 September 2016 subsequently.

Under code provision A.6.7 of the Code, 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. Wong Kui Shing, Danny did not attend the annual general meeting of the Company held on 28 September 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 nine months ended 31 December 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 December 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 nine months ended 31 December 2016 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 December 2016, there is no shareholder (other than a director or chief executive of the Company) 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 Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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 nine months ended 31 December 2016.

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.

CONTRACT OF SIGNIFICANCE

Save for the respective director service contract with each Director, and save as disclosed under the paragraph headed “Connected Transactions” on p.79–81 of the annual report of the Company for the year ended 31 March 2016, 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 under review.

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 confirmed by the former compliance adviser of the Company, Ample Capital Limited, whose engagement had been completed on 28 June 2016 in full compliance of the relevant GEM Listing Rules requirements, 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 (as defined under the GEM Listing Rules) had any interest in relation to the Group or the share capital of any member of the Group which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

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.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference, which are available on the Company's website and the website of the Stock Exchange, in compliance with the GEM Listing Rules. The Audit Committee currently consists of all the independent non-executive Directors, namely Mr. Lam Kai Yeung (Chairman of the Audit Committee), Mr. Lo Chi Ho, Richard and Mr. Tso Siu Lun, Alan. The Audit Committee has reviewed and approved the Company's unaudited financial statements for the nine months ended 31 December 2016 and recommended approval to the Board.

By order of the Board
Kong Shum Union Property Management (Holding) Limited
Eric Todd
Chairman

Hong Kong, 9 February 2017

As at the date hereof, the executive Directors are Mr. Eric Todd (Chairman), Mr. Ho Ying Choi and Mr. Lee Chin Ching Cyrix; 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 at least 7 days from the date of its publication and on the Company's website at www.kongshum.com.hk.