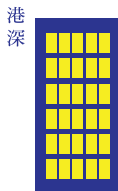


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Kong Shum Union Property Management (Holding) Limited
港深聯合物業管理(控股)有限公司
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8181)

**ANNOUNCEMENT OF QUARTERLY RESULTS
FOR THE NINE MONTHS ENDED 31 DECEMBER 2015**

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

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

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

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

The board of Directors (the “Board”) of the Company is pleased to present the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three and nine months ended 31 December 2015 (the “Third Quarterly Financial Statement”), 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**

| | <i>Note</i> | Three months ended 31 December | | Nine months ended 31 December | |
|---|-------------|--|--|--|--|
| | | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) |
| Revenue | 4 | 92,998 | 85,509 | 279,094 | 252,125 |
| Cost of services | | (73,882) | (68,645) | (221,014) | (200,822) |
| Gross profit | | 19,116 | 16,864 | 58,080 | 51,303 |
| Other revenue | 5 | 76 | 101 | 1,433 | 286 |
| Administrative expenses | | (13,372) | (10,745) | (40,170) | (31,995) |
| Other operating expenses | | (4,576) | (4,949) | (14,571) | (12,950) |
| Finance costs | | (63) | (163) | (647) | (511) |
| Profit before tax | 6 | 1,181 | 1,108 | 4,125 | 6,133 |
| Income tax expense | 7 | (832) | (507) | (2,984) | (1,495) |
| Profit and total comprehensive income for the period attributable to owners of the Company | | 349 | 601 | 1,141 | 4,638 |
| Earnings per share | | <i>HK Cent</i> | <i>HK Cent</i> | <i>HK Cent</i> | <i>HK Cent</i> |
| — basic | 9 | 0.1 | 0.2 | 0.3 | 1.2 |
| — diluted | 9 | 0.1 | 0.2 | 0.3 | 1.2 |

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 Convertible | | Merger reserve HK\$'000 | Retained profits HK\$'000 | |
| | | | options reserve HK\$'000 | notes reserve 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) | – | – | – | – | – | 4,638 | 4,638 |
| 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) | – | – | – | – | – | (15,362) | (15,362) |
| As at 31 December 2014 (unaudited) | 4,000 | 24,088 | – | – | 4,750 | 5,367 | 38,205 |
| 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) | – | – | – | – | – | 1,141 | 1,141 |
| Recognition of share-based payments (unaudited) | – | – | 3,127 | – | – | – | 3,127 |
| Issue of convertible notes (unaudited) | – | – | – | 360 | – | – | 360 |
| Issue of shares by placing (unaudited) | 800 | 31,200 | – | – | – | – | 32,000 |
| Expenses incurred in connection with the placing shares (unaudited) | – | (794) | – | – | – | – | (794) |
| Conversion of convertible notes (unaudited) | 152 | 20,208 | – | (360) | – | – | 20,000 |
| Changes in equity for the period (unaudited) | 952 | 50,614 | 3,127 | – | – | 1,141 | 55,834 |
| As at 31 December 2015 (unaudited) | 4,952 | 74,702 | 3,872 | – | 4,750 | 6,845 | 95,121 |

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 nine months ended 31 December 2015 have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply 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 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 results for the period for the entire business comprehensively. Accordingly, the Group does not present separate segment information.

During the three and nine months ended 31 December 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 nine months ended 31 December 2015 and 2014. An analysis of the Group's revenue is as follows:

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|--|--|--|--|
| | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) |
| Provision of property management services | <u>92,998</u> | <u>85,509</u> | <u>279,094</u> | <u>252,125</u> |

5. OTHER REVENUE

| | Three months ended 31 December | | Nine months ended 31 December | |
|--|--|--|--|--|
| | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) |
| Interest income | 76 | 79 | 228 | 227 |
| Sundry income | – | – | 1,205 | 37 |
| Gain on disposal of property, plant and equipment | – | 22 | – | 22 |
| | <u>76</u> | <u>101</u> | <u>1,433</u> | <u>286</u> |

6. FINANCE COSTS

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|--|--|--|--|
| | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) | 2015 <i>HK\$'000</i> (unaudited) | 2014 <i>HK\$'000</i> (unaudited) |
| Interest on bank borrowings wholly repayable within five years | 56 | 153 | 272 | 488 |
| Interest on convertible notes | – | – | 360 | – |
| Finance lease charges | 7 | 10 | 15 | 23 |
| | <u>63</u> | <u>163</u> | <u>647</u> | <u>511</u> |

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

| | Three months ended 31 December | | Nine months ended 31 December | |
|---|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | 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 | 79,006 | 71,404 | 234,858 | 209,151 |
| — Contributions to retirement benefit scheme | 2,316 | 2,286 | 7,005 | 6,773 |
| — Equity-settled share-based payments | — | — | 920 | — |
| | <u>81,322</u> | <u>73,690</u> | <u>242,783</u> | <u>215,924</u> |
| Auditors' remuneration | 262 | 163 | 642 | 488 |
| Depreciation of property, plant and equipment | 370 | 319 | 1,056 | 856 |
| Operating lease rentals in respect of premises | 769 | 698 | 2,306 | 1,978 |
| Equity-settled consultancy fees | — | — | 2,207 | — |

8. INCOME TAX EXPENSE

| | Three months ended 31 December | | Nine months ended 31 December | |
|---------------------------|-----------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | 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 | 1,030 | 517 | 3,564 | 1,750 |
| Deferred taxation | (198) | (10) | (580) | (255) |
| | <u>832</u> | <u>507</u> | <u>2,984</u> | <u>1,495</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 nine months ended 31 December 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 nine months ended 31 December 2015 attributable to owners of the Company of approximately HK\$0.3 million and HK\$1.1 million respectively (three and nine months ended 31 December 2014: profit of approximately HK\$0.6 million and HK\$4.6 million respectively) and the weighted average number of ordinary shares of 489,933,760 and 431,244,077 respectively (three and nine months ended 31 December 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 nine months ended 31 December 2015 do not give rise to any dilution effect to the earnings per share. For the three and nine months ended 31 December 2014, the Company did not have any potential dilutive ordinary shares.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group is principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties. The Group operates under the brand name of “Kong Shum” and provides a range of management services including security, repair and maintenance, cleaning, finance management, administrative and legal support. Under an established functional structure with various departments, the Group has dedicated teams to carry out the aforementioned management services. The Group also employs a team of security staff to provide security services as part of the services provided under property management contracts or under stand-alone security services contracts. For the nine months ended 31 December 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 Hui Tong Financial Information Services Co., Ltd (“Yun Xin Hui Tong”) on 24 July 2015 in respect of the Proposed Investment in Yun Xin Hui Tong. The LOIs have been lapsed as at the date of this announcement and the Company has decided not to proceed with the Proposed Investments under the LOIs.

Financial review

For the nine months ended 31 December 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 nine months ended 31 December 2014 and 2015:

| | Nine months ended 31 December | | | |
|--|-------------------------------|----------------------|---------------------|----------------------|
| | 2015 | | 2014 | |
| | <i>HK\$'million</i> | <i>Percentage</i> | <i>HK\$'million</i> | <i>Percentage</i> |
| Property management services contracts | 264.0 | 94.6% | 236.8 | 93.9% |
| Property security services contracts | 15.1 | 5.4% | 15.3 | 6.1% |
| | <u>279.1</u> | <u>100.0%</u> | <u>252.1</u> | <u>100.0%</u> |

The Group's revenue improved by approximately 10.7% from approximately HK\$252.1 million for the nine months ended 31 December 2014 to approximately HK\$279.1 million for the nine months ended 31 December 2015. The increase was primarily attributable to the growth of revenue generated from property management services contracts, increasing by around 11.5% to approximately HK\$264.0 million for the nine months ended 31 December 2015. Revenue generated from security services contracts has a slight decrease of around 1.3% to approximately HK\$15.1 million for the nine months ended 31 December 2015.

The gross profit of the Group increased by approximately 13.2% from approximately HK\$51.3 million for the nine months ended 31 December 2014 to approximately HK\$58.1 million for the nine months ended 31 December 2015. The gross profit margin was remained stable at approximately 20.3% and 20.8% for nine months ended 31 December 2014 and 2015 respectively. The Group negotiated and adjusted the service fees in order to reflect the increase in costs and to maintain the gross profit margin. The total cost of services amounted to approximately HK\$200.8 million and HK\$221.0 million for the nine months ended 31 December 2014 and 2015, representing approximately 79.7% and 79.2% of the Group's revenue respectively. The increase in cost of services was mainly due to the revision of statutory minimum wage from HK\$30 to HK\$32.5 since 1 May 2015, thus the average salary of the Group's front-line staff was relatively increased.

Profit and total comprehensive income attributable to owners of the Company decreased by approximately 75.4% from approximately HK\$4.6 million for nine months ended 31 December 2014 to approximately HK\$1.1 million for nine months ended 31 December 2015. The Group's net profit margin decreased by approximately 1.4 percentage point from approximately 1.8% for the nine months ended 31 December 2014 to 0.4% for the nine months ended 31 December 2015. This was mainly attributable to the recognition of the share-based payment expenses of approximately HK\$3.1 million and the increase in staff cost including staff salaries, bonus, Directors' emoluments during the period.

OPERATION REVIEW

Human resources

As at 31 December 2015, the Group had a total of 2,102 employees (as at 31 December 2014: 2,123 employees). The Group's staff costs for the nine months ended 31 December 2015 amounted to approximately HK\$242.8 million (2014: HK\$215.9 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 nine months ended 31 December 2015, 1 facility management service contract for non-domestic property management segment which included 1 shopping complex was awarded to the Group. The success in securing the contract gave the Group confidence to expand the property management portfolio continuously.

As at 31 December 2015, there were in total 419 service contracts (covering around 90,000 households) comprising 391 property management service contracts, 13 stand-alone security service contracts and 15 facility management service contracts.

Contract renewal complying with procedural requirements

A service contract which does not comply with the procedural requirements for contract renewal as stipulated in section 20A of the Building Management Ordinance (Chapter 344 of the Laws of Hong Kong) may be cancelled by the owners' corporation. Included in 419 contracts in force as at 31 December 2015, 78 service contracts are not in strict compliance with the said contract renewal requirements, hence, termination notices were served on clients involving in these contracts. All of the remaining 341 valid contracts as at 31 December 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 nine months ended 31 December 2015 included the mandatory term requiring the client to follow the said procedural requirements, if applicable.

Client accounts

As at 31 December 2015, the Group held 56 (as at 31 March 2015: 52 clients) client accounts amounting to approximately HK\$29.3 million (as at 31 March 2015: approximately HK\$21.1 million) on trust for and on behalf of customers. These client accounts are opened in the names of the Group and the relevant properties. The management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditure of these customers was paid from these client accounts.

Performance bond

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

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.

Major investment and issue of convertible notes

- a) On 10 May 2015, the Company entered into a Memorandum of Understanding with 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.

The mobile application of "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.

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 9 September 2015, Mr. Liu 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, Independent Non-executive Director and Member of Remuneration Committee and Nomination Committee, Chairman and Member of Audit 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 (“Authorized Representative”) pursuant to Rule 5.24 of the GEM Listing Rules and an authorized representative of the Company (“Process Agent”) 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.

On 8 September 2015, the Board further announced that Ms. Lai Sze Yau, Vivien (“Ms. Lai”), an Executive Director, had been appointed as an Authorized Representative and a Process Agent with effect from 8 September 2015.

On 16 October 2015, the Board announced that Mr. Chow Siu Lui had resigned as Independent Non-executive Director, the Chairman and member of the Audit Committee, the member of the Remuneration Committee and the Nomination Committee of the Company with effect from 19 October 2015.

Appointment of the Chairman, Executive Director, Independent Non-executive Director and Member of Remuneration Committee, Chairman and Member of Audit Committee and Nomination Committee

On 16 October 2015, the Board announced that Ms. Wu Yilin, Mr. Wong Kui Shing, Danny, and Mr. Lam Kai Yeung had been appointed as Executive Director, Non-executive Director and Independent Non-executive Director of the Company respectively with effect from 19 October 2015. Mr. Lam Kai Yeung was also appointed as the Chairman and member of the Audit Committee, the member of the Remuneration Committee and the Nomination Committee of the Company with effect from 19 October 2015.

On 17 December 2015, the Board announced that Mr. Yan Chi Ming had been appointed as the Chairman of the Board and an Executive Director of the Company with effect from 17 December 2015 and Mr. Lo Chi Ho, Richard had been appointed as Independent Non-executive Director, the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company with effect from 17 December 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.

Proposed Open Offer

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

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

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

Events after the Reporting Period

Resignation of Executive Directors and Change of Authorized Representative

On 22 January 2016, the Board announced that Mr. Shen Ka Yip, Timothy (“Mr. Shen) and Ms. Lai Sze Yau, Vivien had resigned as Executive Directors due to their other business commitments. Ms. Lai also ceased to be an Authorized Representative and a Process Agent with effect from 22 January 2016. Both Mr. Shen and Ms. Lai have been appointed as consultants of the Company with effect from 22 January 2016 so that they would continue to advise the Board regarding the Company’s business development and operation.

On 22 January 2016, the Board further announced that Mr. Ho Ying Choi, an Executive Director, had been appointed as an Authorized Representative and a Process Agent with effect from 22 January 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 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

| Name | Capacity | Number of ordinary shares held | Number of options held | Total | Percentage of the Company’s issued share capital |
|--------------------------|------------------|--------------------------------|------------------------|-----------|--|
| Mr. Shen Ka Yip, Timothy | Beneficial owner | – | 4,000,000 | 4,000,000 | 0.81% |
| Ms. Lai Sze Yau, Vivien | Beneficial owner | 112,000 | 4,000,000 | 4,112,000 | 0.83% |

Save as disclosed above, as at 31 December 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.

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

So far is known to the Directors, as at 31 December 2015, shareholders who had interests or short positions in the securities of the Company which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly and indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

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

Note: 1,545,454,545 shares represent the number of Offer Shares underwritten by Kingston Securities in respect of the Proposed Open Offer.

Save as disclosed above, as at 31 December 2015, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASES, 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 31 December 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.

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 31 December 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, Mr. Tso Siu Lun, Alan and Mr. Lo Chi Ho, Richard. The Audit Committee has reviewed the Company's unaudited financial statements for the period ended 31 December 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, 2 February 2016

As at the date of this announcement, the Executive Directors are Mr. Yan Chi Ming (Chairman), Mr. Ho Ying Choi and Ms. Wu Yilin; the Non-executive Directors 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, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard.

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