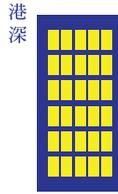


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Kong Shum Union Property Management (Holding) Limited

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 THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 31 DECEMBER 2013

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 the GEM of the Stock Exchange (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 Kong Shum Union Property Management (Holding) Limited is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three and the nine months ended 31 December 2013 (the “Third Quarterly Financial Statements”), together with the unaudited comparative figures for the corresponding periods in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three and nine months ended 31 December 2013

	Notes	Three months ended 31 December		Nine months ended 31 December	
		2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)	2013 HK\$'000 (unaudited)	2012 HK\$'000 (unaudited)
Revenue	4	83,008	71,232	241,554	212,296
Cost of services		(66,307)	(57,467)	(194,497)	(173,724)
Gross profit		16,701	13,765	47,057	38,572
Other income, net	5	183	55	267	65
Administrative expenses		(9,482)	(7,606)	(26,366)	(22,001)
Other operating expenses		(3,592)	(2,271)	(9,617)	(6,580)
Finance costs		(225)	(449)	(956)	(1,237)
Listing expenses		(5,611)	(3,984)	(6,455)	(3,984)
(Loss)/profit before taxation	6	(2,026)	(490)	3,930	4,835
Income tax expense	7	(788)	(781)	(1,880)	(1,723)
(Loss)/profit and total comprehensive (expenses)/income for the period		(2,814)	(1,271)	2,050	3,112
		<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>	<i>HK Cents</i>
(Loss)/earnings per share– basic	9	(0.7)	(0.4)	0.6	1.0

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 December 2013

	Share capital HK\$'000 (unaudited)	Share premium HK\$'000 (unaudited)	Merger reserve HK\$'000 (unaudited)	Retained profits HK\$'000 (unaudited)	Total HK\$'000 (unaudited)
As at 1 April 2012	3,320	–	–	15,131	18,451
Profit and the total comprehensive income for the period	–	–	–	3,112	3,112
Dividend to equity holders (<i>Note 8</i>)	–	–	–	(5,000)	(5,000)
Issue of shares of the subsidiaries and the Company	1,430	–	–	–	1,430
As at 31 December 2012	<u>4,750</u>	<u>–</u>	<u>–</u>	<u>13,243</u>	<u>17,993</u>
As at 1 April 2013	4,750	–	–	15,701	20,451
Profit and the total comprehensive income for the period	–	–	–	2,050	2,050
Arising from reorganisation	(4,750)	–	4,750	–	–
Capitalisation issue	3,000	(3,000)	–	–	–
Placing of share (<i>Note</i>)	1,000	32,000	–	–	33,000
Share issue expenses	–	(4,912)	–	–	(4,912)
As at 31 December 2013	<u>4,000</u>	<u>24,088</u>	<u>4,750</u>	<u>17,751</u>	<u>50,589</u>

Note: On 11 October 2013, the Company's shares were listed on the GEM of the Stock Exchange and 100,000,000 new shares of the Company were issued and placed to numerous investors at the placing price of HK\$0.33 per share. The amount of the gross proceeds from the placing was HK\$33,000,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended 31 December 2013

1. GENERAL INFORMATION

The Company was incorporated and domiciled in the Cayman Islands as an exempted company with limited liability under Companies Law of the Cayman Islands on 15 August 2012. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY-1111, Cayman Islands. The Company has established a principal place of business in Hong Kong at Unit L, 1/F, Kaiser Estate Phase 2, 51 Man Yue Street, Hunghom, Kowloon, Hong Kong and has been registered as a non-Hong Kong company under part XI of the Hong Kong Companies Ordinance on 15 August 2012. Its issued shares (the “Shares”) have been listed on the GEM of the Stock Exchange since 11 October 2013 (the “Listing”).

Pursuant to a reorganisation (the “Reorganisation”) of the Company and its subsidiaries now comprising the Group completed on 8 August 2013 to rationalize the Group’s structure in preparation for the listing of the Shares on GEM of the Stock Exchange, the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 30 September 2013 (the “Prospectus”).

This condensed consolidated financial information has not been audited.

2. BASIS OF PRESENTATION

The Third Quarterly Financial Statements have been prepared in accordance with the 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 provisions of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange (the “GEM Rules”).

The accounting policies and methods of computation used in the preparation of the Third Quarterly Financial Statements are consistent with those adopted in the Accountants’ Report set out in Appendix I to the Prospectus, except for the adoption of the new and revised HKFRSs. The Third Quarterly Financial Statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Accountants’ Report set out in Appendix I to the Prospectus.

The Group has not early adopted any new and revised HKFRSs that have been issued but are not yet effective, the Group is in the process of assessing their impact on the Group’s results and financial position.

The Third Quarterly Financial Statements have been prepared on the historical cost basis and are presented in Hong Kong dollars (“HK\$000”), which is the Company’s functional and presentation currency.

3. SEGMENT INFORMATION

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

4. REVENUE

The Group is principally engaged in the provision of property management services during the three and nine months ended 31 December 2012 and 2013. An analysis of the Group's revenue recognised during the three and the nine months ended 31 December 2012 and 2013 is as follows:

	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Provision of property management services	83,008	71,232	241,554	212,296

5. OTHER INCOME, NET

	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest income	174	60	258	63
Fair value loss on financial assets at fair value through profit and loss	–	(8)	–	(8)
Sundry income	9	3	9	10
	183	55	267	65

6. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation as stated is arrived at after charging the following items:

	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Staff costs including directors' emoluments:				
Wages, salaries and other staff benefits	67,812	57,530	197,060	173,209
Contributions to retirement benefit scheme	2,311	2,193	6,783	6,334
	<u>70,123</u>	<u>59,723</u>	<u>203,843</u>	<u>179,543</u>
Auditors' remuneration	238	25	563	75
Depreciation of property, plant and equipment and investment properties	358	261	1,059	767
Operating lease rentals in respect of rented premises	482	410	1,445	1,219

7. INCOME TAX EXPENSE

	Three months ended		Nine months ended	
	31 December		31 December	
	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
The tax charge comprises:				
Hong Kong profits tax	819	869	2,378	1,987
Deferred taxation – current period	(31)	(88)	(498)	(264)
	<u>788</u>	<u>781</u>	<u>1,880</u>	<u>1,723</u>

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

8. DIVIDEND

The Directors do not recommend payment of any dividend for the nine months ended 31 December 2013 (for the nine months ended 31 December 2012: Nil). The dividend of HK\$5.0 million in 2012 was paid by a subsidiary of the Company, Kong Shum Union Property Management Company Limited to its then shareholders prior to the Reorganisation.

9. (LOSS)/EARNINGS PER SHARE

The calculations of basic (loss)/earnings per share for the three and nine months ended 31 December 2013 are based on the loss of approximately HK\$2.8 million and profit of approximately HK\$2.1 million attributable to the owners of the Company respectively (three months and nine months ended 31 December 2012: loss of approximately HK\$1.3 million and profit of approximately HK\$3.1 million respectively) and the weighted average number of 389,130,435 and 329,818,182 shares in issue for the three months and nine months ended 31 December 2013 respectively (weighted average number of share in issue for the three months and nine months ended 31 December 2012: 300,000,000 shares) on the assumption that they have been in issue throughout the periods.

Diluted (loss)/earnings per share for the three months and nine months ended 31 December 2013 and the corresponding periods in 2012 are not disclosed as no dilutive events existed during these periods.

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 2013, the Group provided property security services for 28 properties under stand-alone security services contracts. The operating arm of the Group’s security services is mainly Q & V Security Company Limited (“Q & V”). The Group hires its own security staff to provide property security services. The Group also employs registered technicians to provide basic repair and maintenance services to its customers if required. In relation to the cleaning services, the Group subcontracts substantially all of its cleaning services to third-party contractors.

Financial Review

For the nine months ended 31 December 2012 and 2013, all of the Group’s revenue was derived from its operation in Hong Kong. The Group derived revenue of approximately HK\$13.0 million and HK\$15.3 million from stand-alone security services contracts for each of the nine months ended 31 December 2012 and 2013 respectively, representing approximately 6.1% and 6.3% of its total revenue. The following table sets out the Group’s revenue by contract type for each of nine months ended 31 December 2012 and 2013:

	Nine months ended 31 December			
	2013		2012	
	<i>HK\$' million</i>	<i>percentage</i>	<i>HK\$' million</i>	<i>percentage</i>
Property management services contracts	226.3	93.7%	199.3	93.9%
Property security services contracts	15.3	6.3%	13.0	6.1%
	<u>241.6</u>	<u>100%</u>	<u>212.3</u>	<u>100%</u>

The Group's revenue improved by approximately 13.8% from approximately HK\$212.3 million for the nine months ended 31 December 2012 to approximately HK\$241.6 million for the nine months ended 31 December 2013. The increase was primarily attributable to the growth of revenue generated from property management services contracts, increasing by around 13.5% to approximately HK\$226.3 million for the nine months ended 31 December 2013. Revenue generated from security services contracts also recorded an increase of around 17.7% to approximately HK\$15.3 million for the nine months ended 31 December 2013.

The gross profit of the Group increased by 22% from approximately HK\$38.6 million for the nine months ended 31 December 2012 to approximately HK\$47.1 million for the nine months ended 31 December 2013. The gross profit margin was approximately 18.2% and 19.5% for nine months ended 31 December 2012 and 2013 respectively. The total cost of services amounted to approximately HK\$173.7 million and HK\$194.5 million for the nine months ended 31 December 2012 and 2013 respectively, representing 81.8% and 80.5% of the Group's revenue.

Profit attributable to owners of the Group decreased by approximately 34.1% from approximately HK\$3.1 million for nine months ended 31 December 2012 to approximately HK\$2.1 million for nine months ended 31 December 2013. The Group's net profit margin are 1.5% and 0.8% for the nine months ended 31 December 2012 and 2013 respectively.

Human Resources

As at 31 December 2013, the Group had a total of 2,100 employees. The Group's staff costs for the nine months ended 31 December 2013 amounted to approximately HK\$203.8 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 by reference to the Group's results and individual performance.

Services Contracts

During the nine months ended 31 December 2013, the management contracts for 3 large estates, namely Yue Tin Court, Leung King Estate and Siu Shan Court, were awarded to the Group adding 10,428 domestic units, 9 non-domestic units and 85 car parking spaces to the property management portfolio of the Group. In addition, 16 other property management contracts were also awarded. During the nine months ended 31 December 2013, 19 management services contracts and 3 stand-alone security service contracts were awarded to the Group. As at 31 December 2013, the total number of property management service contracts is 393 and the total number of stand-alone security service contracts is 15. The total number of service contracts as at 31 December 2013 is 408.

Contract Renewal Complying with Procedural Requirements

During the nine months ended 31 December 2013, 7 out of the total of 408 service contracts were not complying with the procedural requirements for contract renewal as stipulated in section 20A of the Building Management Ordinance (Cap. 344) and termination notices were served to the clients who failed to follow the procedural requirements. All of the remaining 401 valid contracts as at 31 December 2013 were in compliance with the said procedural requirements or not applicable under the Building Management Ordinance. The senior management adopts tight control system to monitor the full compliance of the procedural requirements. All newly signed contracts during the nine months ended 31 December 2013 included the mandatory term requiring the client to follow the said procedural requirements (if applicable).

Client Accounts

As at 31 December 2013, the Group was holding 47 client accounts amounting to approximately HK\$18.6 million (as at 31 March 2013: approximately HK\$22.2 million) on trust for and on behalf of customers. These bank accounts are opened in the names of the Group and the relevant property. The management fees received from the tenants or owners of the properties were deposited into these client accounts and the expenditure of these customers was paid from these client accounts.

Performance Bond

As at 31 December 2013, the banks issued 16 bond certificates amounting to approximately HK\$17.2 million (as at 31 March 2013: approximately HK\$15.8 million) on behalf of the Group to the clients as required in the service contracts.

Outlook

The number of property in Hong Kong market is expanding. Public opinion voices concern over the housing stock production and speeding up of the housing completion in the near future is expected to solve the heavy demand on housing need. It is envisaged that the property management business will expand simultaneously. On the other hand, strong competition and soaring cost resulting from minimum wage revision and inflation cannot be avoided. The Directors are confident that the Group may be benefited from the Listing and be more aggressive to increase its market share.

Liquidity, Financial Resources and Capital Structure

The Group's bank borrowings and obligations under finance lease, as at 31 December 2013 was approximately HK\$20.6 million (as at March 2013: approximately HK\$39.8 million). As at 31 December 2013, the Group had bank balances and cash of approximately HK\$38.2 million (as at 31 March 2013: approximately HK\$5.6 million). As at 31 December 2013, the Group's net current assets amounted to approximately HK\$38.4 million (as at 31 March 2013: approximately HK\$12.1 million). Current ratio as at 31 December 2013 was approximately 1.56 (as at 31 March 2013: approximately 1.14).

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\$0.43 million for the nine months ended 31 December 2013 (for the nine months ended 31 December 2012: approximately HK\$0.38 million).

Capital Commitments

The Group did not have any significant capital commitments as at 31 December 2013 (as at 31 March 2013: Nil).

Gearing Ratio

The Group's gearing ratio, defined as the total debt (i.e. bank borrowing and finance lease obligation) divided by total equity, as at 31 December 2013 is 40.7% (as at 31 March 2013: 194.4%).

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 effective from 11 October 2013 (the "Listing Date") upon the listing of the Company and had complied with the Code since then and up to the date of this announcement.

Compliance with the Required Standard of Dealings in Securities Transactions by Directors

The Group adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company effective from 11 October 2013 upon the Listing. Upon the Group's specific enquiry, each Director confirmed that, he had fully complied with the required standard of dealings and there was no event of non-compliance since its effective date up to the date of this announcement.

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 2013, 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 ("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

Ordinary share of the Company

Name	Capacity and nature of interest	Number of shares (note 1)	Percentage of the Company's issued share capital
Ho Ying Cheung (note 2)	Beneficial interest in controlled corporation	300,000,000 (L)	75%
Ho Ying Choi (note 2)	Beneficial interest in controlled corporation	300,000,000 (L)	75%

Note:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. Mr. Ho Ying Cheung and Mr. Ho Ying Choi both Executive Directors of the Company owned 40% and 60% of the shares in Topgrow Holdings Limited respectively. Mr. Ho Ying Cheung and Mr. Ho Ying Choi are deemed to be interested in the shares held by Topgrow Holdings Limited under Part XV of the SFO.

Save as disclosed above, as at 31 December 2013, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules.

Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares of the Company

As at 31 December 2013, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Long positions

Ordinary shares of the Company

Name	Capacity and nature of interest	Number of shares (note 1)	Percentage of the Company's issued share capital
Topgrow Holdings Limited (note 2)	Beneficial owner	300,000,000 (L)	75%
Ho Ying Cheung (note 2)	Beneficial interest in controlled corporation	300,000,000 (L)	75%
Ho Ying Choi (note 2)	Beneficial interest in controlled corporation	300,000,000 (L)	75%

Note:

1. The letter "L" denotes a long position in the shareholder's interest in the share capital of the Company.
2. Mr. Ho Ying Cheung and Mr. Ho Ying Choi both Executive Directors of the Company owned 40% and 60% of the shares in Topgrow Holdings Limited respectively. Mr. Ho Ying Cheung and Mr. Ho Ying Choi are deemed to be interested in the shares held by Topgrow Holdings Limited under Part XV of the SFO.

Save as disclosed above, as at 31 December 2013, 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 the Company's 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 2013.

Contract of significance

At 31 December 2013, there is no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

Compliance Committee

The Compliance Committee is a committee under the Company's audit committee chaired by Mr. Ho Ying Choi, the chief executive officer and comprises Mr. Lau Ping Kwai, the associate director (*note*), Mr. Fong Shek Hung, the associate director (*note*) and Mr. Cheng Kam Hung, the financial controller. The Group's legal adviser, Y.C. Lee Pang, Kwok & Ip Solicitors, is procured to provide legal advices and to attend the committee meeting on need basis. For the nine months ended 31 December 2013, eight meetings were held and the legal adviser participated in two meetings. The minutes of the meetings were distributed to the legal adviser, Y.C. Lee, Pang, Kwok & Ip Solicitors, and the audit committee members for scrutiny and comment. The committee addresses the matters concerning the compliance of law and regulations, contract terms and litigation cases of the Group.

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

Safety Committee

To raise the management's awareness of the workplace health and safety, the Group formed a safety committee comprising Mr. Fong Shek Hung, the associate director (*note*) of Kong Shum Union Property Management Company Limited ("KSU"), and Mr. Law Kwok Leung, a senior property manager of KSU and eight other committee members from (i) property management department; (ii) cleaning department; (iii) security department; (iv) maintenance department; and (v) administration department, and two members appointed by the Safety Consultant. Among eight of the ten members who are the Group's staff, at least five members, including Mr. Fong Shek Hung and Mr. Law Kwok Leung, have more than ten years of experience in property management while two members have more than fifteen years of experience in cleaning and maintenance services industry. The responsibilities of the safety committee are, among other things, to

establish the Group's workplace health and safety management system, formulate and implement the internal health and safety policies, and arrange staff trainings. The safety committee holds monthly meetings to review the effectiveness of the system. The Group engages an external safety consultancy firm (the "Safety Consultant") for the review and recommendation in respect of safety in buildings managed by the Group. For the nine months ended 31 December 2013, the committee held 7 meetings, and 10 buildings or estates were reviewed by the Safety Consultant.

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

Board Diversity Policy

The policy aims to set out the approach to achieve diversity on the Company's board of directors. The Company recognises and embraces the benefits of having diverse Board to enhance the quality of its performance. The details of the policy are available on the Company's website.

Procedures for Shareholders to propose a person for election as a Director

Any Shareholder of the Company who wishes to propose a person other than a retiring director of the Company and other than the shareholder himself/herself for election as Director at a general meeting of the Company should follow the procedures available on the Company's website.

Major Shareholders

Topgrow is a company incorporated in the BVI with limited liability in November 2001. After completion of the Capitalisation Issue and the Placing, it beneficially owns 75% of the entire issue capital of the Company. Topgrow is owned as to 60% by Mr. Ho Ying Choi and 40% by Mr. Ho Ying Cheung respectively. The Group was founded by Mr. Ho Ying Cheung and other then shareholders in 1984. Mr. Ho Ying Choi joined KSU as a director in 1992.

Competing Interests

The Directors confirm that none of the Controlling Shareholders or Directors and their respective associates (as defined in the GEM Listing Rules) is interested in any business apart from the business operated by the Group which competes or is likely to compete, directly or indirectly, with the Group's business.

Audit Committee

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The audit committee comprises three independent non-executive Directors, namely Mr. Tong Sze Chung (chairman of the audit committee), Mr. Wong Tsz Ho and Mr. Cheung Kwong Wai.

Interests of the Compliance Adviser

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 31 December 2013, except for (i) Ample Capital Limited's participation as the sponsor and its affiliated company, Ample Orient Capital Limited as the lead manager in relation to the Listing; and (ii) 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 associates had any interest in relation to the Group.

By order of the Board
Kong Shum Union Property Management (Holding) Limited
Ho Ying Cheung
Chairman

Hong Kong 7 February 2014

As at the date of this announcement, the executive directors of the Company are Mr. Ho Ying Cheung and Mr. Ho Ying Choi, the non-executive director is Mr. Kam Tak Yeung,; and the independent non-executive directors of the Company are Mr. Cheung Kwong Wai, Mr. Tong Sze Chung and Mr. Wong Tsz Ho.

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