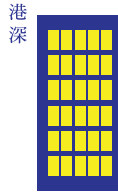


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance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



Kong Shum Union Property Management (Holding) Limited

港深聯合物業管理(控股)有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2014

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

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

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

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

The board of directors (the "Board") of the Company is pleased to present the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2014, together with the audited comparative figures for the corresponding year in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2014

	<i>Notes</i>	2014 HK\$	2013 <i>HK\$</i>
Revenue	5	324,981,419	284,062,524
Cost of services		<u>(258,781,554)</u>	<u>(231,763,752)</u>
Gross profit		66,199,865	52,298,772
Other income/(expenses), net	6	279,302	273
Administrative expenses		(37,980,447)	(30,422,370)
Other operating expenses		(19,774,608)	(13,084,499)
Finance costs	7	<u>(1,104,542)</u>	<u>(1,559,010)</u>
Profit before taxation	8	7,619,570	7,233,166
Income tax expense	9	<u>(2,591,189)</u>	<u>(1,663,718)</u>
Profit and total comprehensive income for the year attributable to owners of the Company		<u>5,028,381</u>	<u>5,569,448</u>
Earnings per share-basic	10	<u>0.014</u>	<u>0.019</u>
Earnings per share-diluted	10	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2014

	<i>Notes</i>	2014 HK\$	2013 HK\$
Non-current assets			
Property, plant and equipment	<i>11</i>	2,067,728	3,043,748
Deposits placed for life insurance policies	<i>12</i>	7,526,068	3,814,900
Deferred tax assets	<i>13</i>	2,233,910	2,022,304
		<u>11,827,706</u>	<u>8,880,952</u>
Current assets			
Trade and other receivables	<i>14</i>	52,370,304	52,942,537
Amounts due from directors	<i>15(a)</i>	–	6,081,968
Amount due from ultimate holding company	<i>15(b)</i>	–	503,716
Amounts due from related parties	<i>15(c)</i>	–	15,371,221
Pledged bank deposits	<i>16</i>	15,896,023	15,666,435
Cash and bank balances	<i>16</i>	35,899,808	5,576,540
		<u>104,166,135</u>	<u>96,142,417</u>
Current liabilities			
Trade and other payables	<i>17</i>	41,610,134	38,021,416
Amount due to a director	<i>15(e)</i>	–	437,235
Amount due to a related party	<i>15(f)</i>	–	6,186,686
Obligations under finance leases	<i>18</i>	352,644	388,194
Income tax payable		926,649	175,349
Bank borrowings – secured	<i>19</i>	19,333,599	38,807,358
		<u>62,223,026</u>	<u>84,016,238</u>
Net current assets		<u>41,943,109</u>	<u>12,126,179</u>
Total assets less current liabilities		<u>53,770,815</u>	<u>21,007,131</u>
Non-current liabilities			
Obligations under finance leases	<i>18</i>	203,696	556,340
Net assets		<u>53,567,119</u>	<u>20,450,791</u>
Capital and reserves			
Share Capital	<i>20</i>	4,000,000	4,750,108
Reserves		49,567,119	15,700,683
Total equity		<u>53,567,119</u>	<u>20,450,791</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2014

	Notes	Share capital HK\$	Share premium HK\$	Merger reserve HK\$	Retained profits HK\$	Total HK\$
As at 1 April 2012		3,320,100	–	–	15,131,235	18,451,335
Profit and total comprehensive income for the year		–	–	–	5,569,448	5,569,448
Dividend to equity holders	21	–	–	–	(5,000,000)	(5,000,000)
Issue of shares of the subsidiaries and the Company		1,430,008	–	–	–	1,430,008
As at 31 March 2013 and 1 April 2013		4,750,108	–	–	15,700,683	20,450,791
Arising from the Reorganisation	20(b)	(4,750,108)	–	4,750,108	–	–
Capitalisation issue	20(e)	3,000,000	(3,000,000)	–	–	–
Placing of shares	20(f)	1,000,000	32,000,000	–	–	33,000,000
Expenses incurred in connection with the placing of shares		–	(4,912,053)	–	–	(4,912,053)
Profit and total comprehensive income for the year		–	–	–	5,028,381	5,028,381
As at 31 March 2014		4,000,000	24,087,947	4,750,108	20,729,064	53,567,119

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2014

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 August 2012, as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is located at Unit L, 1/F., Kaiser Estate, Phase 2, No. 51 Man Yue Street, Hunghom, Kowloon, Hong Kong.

The Company's shares were listed on GEM on 11 October 2013 (the "Listing").

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

2. REORGANISATION AND BASIS OF PRESENTATION

Through a reorganisation to rationalise the structure of the Listing of the Company's shares (the "Reorganisation"), the Company has since 8 August 2013 become the holding company of the Group as the entire interest of the Group's subsidiaries were transferred to the Company by way of swap of shares. Details of the Reorganisation are fully explained in the paragraphs headed the "Reorganisation" of the section headed "History, Reorganisation and Corporate Structure" in the prospectus of the Company dated 30 September 2013 (the "Prospectus") in connection with the Listing.

As the companies now comprising the Group were controlled by Mr Ho Ying Cheung and Mr Ho Ying Choi (the "Controlling Shareholders") before and after the Reorganisation, the Reorganisation was accounted for as a business combination of entities under common control. The consolidated financial statements has been prepared based on the principles and procedures of merger accounting in accordance with the Accounting Guideline 5 "Merger Accounting for Common Control Combination" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Accordingly, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity and the consolidated statement of cash flows are prepared as if the current group structure had been in existence throughout the reporting years rather than from the date of incorporation of the Company.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 April 2013. The collective term of HKFRSs comprises Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKAS"), and Interpretations issued by the HKICPA.

The Group has not early applied the new and revised HKFRSs that have been issued but are not yet effective.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. SEGMENT INFORMATION

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

An analysis of the Group's revenue from major services is set out in note 5 below. No customer accounted for 10 per cent or more of the total revenue for the years ended 31 March 2014 and 2013.

During the two years ended 31 March 2014 and 2013, all revenue is derived from customers in Hong Kong and Group's non-current assets as at 31 March 2014 and 2013 are located in Hong Kong.

5. REVENUE

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

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Provision of property management services	<u>324,981,419</u>	<u>284,062,524</u>

6. OTHER INCOME/(EXPENSES), NET

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Bank interest income	3,052	2,714
Gain from foreign exchange contract transactions	–	7,750
Interest income from deposits placed for life insurance policies	242,412	111,733
Loss on disposals of financial assets	–	(123,653)
Sundry income	33,838	1,729
	<u>279,302</u>	<u>273</u>

7. FINANCE COSTS

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Interest on:		
Bank borrowings wholly repayable within five years	952,861	1,166,763
Loans from directors	109,195	374,285
Finance lease charges	42,486	17,962
	<u>1,104,542</u>	<u>1,559,010</u>

8. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging the following:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Auditor's remuneration	573,504	100,000
Depreciation of property, plant and equipment	1,418,751	1,102,334
Operating lease rentals in respect of rented premises	1,976,270	1,677,030
Staff costs including directors' remuneration		
– salaries, wages and other benefits	264,976,482	232,041,714
– contributions to retirement benefit scheme	9,107,107	8,483,626
	<u>264,976,482</u>	<u>232,041,714</u>

9. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profits.

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Current income tax		
Hong Kong profits tax		
– Provision for the year	2,911,317	2,048,386
– Over-provision in prior years	(108,522)	(32,848)
	<u>2,802,795</u>	<u>2,015,538</u>
Deferred tax assets (<i>note 13</i>)		
– Origination and reversal of temporary differences	(244,225)	(351,820)
– Over-provision in prior years	32,619	–
	<u>2,591,189</u>	<u>1,663,718</u>

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

	2014	2013
	HK\$	HK\$
Profit before taxation	<u>7,619,570</u>	<u>7,233,166</u>
Notional tax on profit before taxation, calculated at current tax rate of 16.5% (2013: 16.5%)	1,257,229	1,193,471
Tax effect of non-deductible expenses	1,548,114	971,426
Tax effect of non-taxable revenue	(138,251)	(36,812)
Tax effect of temporary difference not recognised	–	(431,519)
Over-provision in prior years	<u>(75,903)</u>	<u>(32,848)</u>
Income tax expense	<u>2,591,189</u>	<u>1,663,718</u>

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to owners of the Company for the year ended 31 March 2014 of HK\$5,028,381 (2013: HK\$5,569,448), and the weighted average number of shares in issue during the year ended 31 March 2014 of 347,123,288 (2013: 300,000,000 shares in issue, being the number of shares in issue immediately after the completion of capitalisation issue as detailed in note 20(e) throughout the year).

The Group did not have any dilutive potential ordinary shares during the years ended 31 March 2014 and 2013.

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement <i>HK\$</i>	Furniture and fixtures <i>HK\$</i>	Office equipment <i>HK\$</i>	Motor vehicles <i>HK\$</i>	Total <i>HK\$</i>
Cost					
At 1 April 2012	2,264,797	518,119	1,720,675	1,243,483	5,747,074
Additions	<u>104,300</u>	<u>100,052</u>	<u>204,252</u>	<u>1,470,696</u>	<u>1,879,300</u>
At 31 March 2013	2,369,097	618,171	1,924,927	2,714,179	7,626,374
Additions	<u>50,600</u>	<u>12,030</u>	<u>380,101</u>	<u>–</u>	<u>442,731</u>
At 31 March 2014	<u>2,419,697</u>	<u>630,201</u>	<u>2,305,028</u>	<u>2,714,179</u>	<u>8,069,105</u>
Accumulated depreciation					
At 1 April 2012	1,194,912	256,169	999,497	1,029,714	3,480,292
Charge for the year	<u>470,101</u>	<u>54,706</u>	<u>390,778</u>	<u>186,749</u>	<u>1,102,334</u>
At 31 March 2013	1,665,013	310,875	1,390,275	1,216,463	4,582,626
Charge for the year	<u>480,709</u>	<u>53,299</u>	<u>363,920</u>	<u>520,823</u>	<u>1,418,751</u>
At 31 March 2014	<u>2,145,722</u>	<u>364,174</u>	<u>1,754,195</u>	<u>1,737,286</u>	<u>6,001,377</u>
Carrying amounts					
At 31 March 2014	<u>273,975</u>	<u>266,027</u>	<u>550,833</u>	<u>976,893</u>	<u>2,067,728</u>
At 31 March 2013	<u>704,084</u>	<u>307,296</u>	<u>534,652</u>	<u>1,497,716</u>	<u>3,043,748</u>

As at 31 March 2014, the carrying amounts of the Group's motor vehicles held under finance leases amounted to HK\$976,892 (2013: HK\$1,497,715) (note 18).

12. DEPOSITS PLACED FOR LIFE INSURANCE POLICIES

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Deposits placed for life insurance policies	<u>7,526,068</u>	<u>3,814,900</u>

In June 2012, the Company's subsidiary, Kong Shum Union Property Management Company Limited ("KSU") entered into a life insurance policy with an insurance company to insure an executive director of the Company. Under the policy, the beneficiary and policy holder is KSU and the total insured sum is US\$1,632,000 (approximately HK\$12,677,376). KSU is required to pay an upfront deposit of US\$510,000 (approximately HK\$3,961,680) including an expense charge at inception of the policy amounting to US\$30,600 (approximately HK\$237,701). KSU can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront payment of US\$510,000 plus accumulated interest earned and minus the expense charged at inception, the accumulated insurance charge and policy expense charge ("Cash Value"). In addition, if withdrawal is made between the 1st and 15th policy year, there is a specific amount of surrender charge.

The insurance company will pay KSU an interest of 4.15% per annum on the outstanding Cash Value of the policy for the first year. Commencing on the second year, a minimum guaranteed interest of 2.5% per annum is guaranteed by the insurance company. As at 31 March 2014 and 2013, this deposit placed for a life insurance policy was pledged to a bank to secure bank facilities granted to the Group.

In July 2013, KSU entered into another life insurance policy with an insurance company to insure another executive director of the Company. Under the policy, the beneficiary and policy holder is KSU and the total insured sum is US\$1,200,000 (approximately HK\$9,324,000). KSU is required to pay an upfront deposit of US\$482,491 (approximately HK\$3,748,955) including an expense charged at the inception of the policy amounting to US\$28,949 (approximately HK\$224,936). KSU can terminate the policy at any time and receive cash back based on the cash value of the policy at the date of withdrawal, which is determined by the upfront payment of US\$482,491 plus accumulated interest earned and minus the expense charged at inception, the accumulated insurance charge and policy expense charge ("2nd Cash Value"). In addition, if withdrawal is made between the 1st and 18th policy year, there is a specific amount of surrender charge.

The insurance company will pay KSU an interest of 3.6% per annum on the outstanding 2nd Cash Value of the policy for the first year. Commencing on the second year, a minimum guaranteed interest of 2% per annum is guaranteed by the insurance company. As at 31 March 2014, the deposit placed on this life insurance policy was pledged to a bank to secure banking facilities granted to the Group.

The above deposits placed for life insurance policies are denominated in US\$, a currency other than the functional currency of the Group.

13. DEFERRED TAX ASSETS

The following are the major deferred tax (liabilities) and assets recognised by the Group.

	Accelerated tax depreciation HK\$	Decelerated tax depreciation HK\$	Provision HK\$ (Note)	Total HK\$
At 1 April 2012	(129,958)	165,291	1,635,151	1,670,484
Credit to profit or loss for the year – origination and reversal of temporary differences (note 9)	<u>(38,731)</u>	<u>25,550</u>	<u>365,001</u>	<u>351,820</u>
At 31 March 2013	(168,689)	190,841	2,000,152	2,022,304
Credit to profit or loss for the year – origination and reversal of temporary differences (note 9)	<u>(14)</u>	<u>64,903</u>	<u>146,717</u>	<u>211,606</u>
At 31 March 2014	<u>(168,703)</u>	<u>255,744</u>	<u>2,146,869</u>	<u>2,233,910</u>

Note: Provision represents the temporary differences of provision for certain expenses (including provision for long service payment, unrealised annual leaves and bonuses) made in the financial statements of the Group which would only be tax deductible when these expenses are actually paid.

The following is the analysis of the deferred tax balances (after offset) for the consolidated statements of financial position purposes:

	2014 HK\$	2013 HK\$
Deferred tax assets	<u>2,233,910</u>	<u>2,022,304</u>

14. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Trade receivables	48,288,078	43,627,232
Deposits, prepayments and other receivables	4,082,226	9,315,305
	<u>52,370,304</u>	<u>52,942,537</u>

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

The Group does not grant credit terms to its customers. The aging analysis of the trade receivables is as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
0-30 days	27,976,719	24,859,487
31-60 days	11,589,615	8,886,382
61-90 days	2,947,035	3,389,293
over 90 days	5,774,709	6,492,070
	<u>48,288,078</u>	<u>43,627,232</u>

Trade receivables that were past due but not considered impaired. These relate to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Overdue by:		
1-30 days	27,976,719	24,859,487
31-60 days	11,589,615	8,886,382
61-90 days	2,947,035	3,389,293
over 90 days	5,774,709	6,492,070
	<u>48,288,078</u>	<u>43,627,232</u>

The breakdown of the Group's deposits, prepayments and other receivable are as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Other receivables due from customers	–	1,004,337
Other receivables due from other parties	1,276,818	6,158,307
Deposits	1,939,502	285,300
Prepayments	865,906	1,867,361
	<u>4,082,226</u>	<u>9,315,305</u>

15. RELATED PARTY DISCLOSURES

The amounts due from directors and related parties, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance are as follows:

(a) Amounts due from directors

	2014	2013	Maximum amount	
			outstanding during the year	
	<i>HK\$</i>	<i>HK\$</i>	2014	2013
			<i>HK\$</i>	<i>HK\$</i>
Ho Ying Cheung	–	6,081,968	6,081,968	6,081,968
Ho Ying Choi	–	–	–	2,368,099
	<u>–</u>	<u>6,081,968</u>		

The amounts are non-trade related, unsecured, interest-free and repayable on demand.

(b) Amount due from ultimate holding company

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Topgrow Holdings Limited	<u>–</u>	<u>503,716</u>

The above advance is unsecured, interest free and repayable on demand.

(c) **Amounts due from related parties**

	2014	2013	Maximum amount outstanding during the year	
			2014	2013
	HK\$	HK\$	HK\$	HK\$
Fortune Trend Investment Limited ¹	–	6,816,129	6,816,129	8,290,347
Eastern Rise Properties (Holdings) Limited ²	–	15,262	15,262	51,312
Huge Rise Investment Limited ²	–	20,510	20,510	20,510
More Rise Investment Limited ¹	–	4,829,827	4,829,827	4,829,827
Super Potent Limited ²	–	74,407	74,407	74,407
Ho Siu Chun ³	–	3,615,086	3,963,470	3,615,086
	–	15,371,221		

All the above balances are non-interest bearing and recoverable on demand.

Notes:

- ^{1.} Fortune Trend Investment Limited (“Fortune Trend”) and More Rise Investment Limited (“More Rise”) have common directors and shareholders of the Company.
- ^{2.} Eastern Rise Properties (Holdings) Limited, Huge Rise Investment Limited and Super Potent Limited have common directors and shareholders and were owned by a close family member of a director of the Company.
- ^{3.} The younger sister of the directors of the Company, Mr. Ho Ying Cheung and Mr. Ho Ying Choi.

(d) **Compensation of key management personnel**

The remuneration of key management personnel during the year was as follows:

	2014	2013
	HK\$	HK\$
Short-term employee benefits	4,051,464	1,318,750

(e) **Amount due to a director**

	2014	2013
	HK\$	HK\$
Ho Ying Choi	–	437,235

The amount due is non-trade related, unsecured, interest free and repayable on demand.

(f) **Amount due to a related party**

	2014	2013
	HK\$	HK\$
River Sea Union Property Management (Shenzhen) Company Limited	–	6,186,686

The amount due is non-trade related, unsecured, interest-free and repayable on demand.

(g) **Related parties transactions**

In addition to the related party transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with its related parties during the year:

	2014	2013
	HK\$	HK\$
Related companies		
– Rental expenses	252,000	1,385,000
Shareholders		
– Dividend paid	–	5,000,000
Directors		
– Loan interest paid	–	374,285
– Compensation of key management personnel	4,051,464	1,318,750

16. CASH AND BANK BALANCES AND PLEDGED BANK DEPOSITS

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Cash on hand	188,000	187,000
Bank balances	<u>35,711,808</u>	<u>5,389,540</u>
Cash and bank balances	<u><u>35,899,808</u></u>	<u><u>5,576,540</u></u>
Pledged bank deposits (<i>Note</i>)	<u><u>15,896,023</u></u>	<u><u>15,666,435</u></u>

Note:

Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as at 31 March 2014 and 31 March 2013.

The Group's cash and bank balances and pledged bank deposits were denominated in HK\$.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and one year depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The deposits are in Hong Kong dollars and at the interest rate of 0.01% to 0.1% (2013: 0.01% to 0.15%) as at 31 March 2014.

17. TRADE AND OTHER PAYABLES

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Trade payables	1,199,455	1,427,659
Building deposits received	2,919,048	3,121,921
Sundry creditors and accruals (<i>note a</i>)	31,347,993	28,025,198
Provision for long service payment (<i>note b</i>)	<u>6,143,638</u>	<u>5,446,638</u>
	<u><u>41,610,134</u></u>	<u><u>38,021,416</u></u>

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

The aging analysis of the trade payables were as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
0-30 days	<u>1,199,455</u>	<u>1,427,659</u>

Notes:

(a) The breakdown of sundry creditors and accruals are as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
Accrued staff cost and staff benefit	17,321,639	15,490,869
Accrued staff bonus and annual leave	7,035,696	6,675,505
Other accrued expenses	781,982	291,491
Other payables due to customers	793,654	1,306,947
Other payables due to other parties	<u>5,415,022</u>	<u>4,260,386</u>
	<u>31,347,993</u>	<u>28,025,198</u>

(b) The movement of provision for long service payment is stated as follows:

	2014	2013
	<i>HK\$</i>	<i>HK\$</i>
At beginning of the year	5,446,638	5,286,909
Provision made during the year	1,423,194	740,454
Paid in the year	<u>(726,194)</u>	<u>(580,725)</u>
At end of the year	<u>6,143,638</u>	<u>5,446,638</u>

18. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	2014	2013
	HK\$	HK\$	HK\$	HK\$
Amount payable under finance leases:				
Within one year	373,032	434,706	352,644	388,194
In the second to fifth years inclusive	207,165	580,197	203,696	556,340
	580,197	1,014,903	556,340	944,534
Less: Future finance charge	(23,857)	(70,369)	–	–
Present value of lease obligations	556,340	944,534	556,340	944,534
Less: Amount due or settlement within 12 months shown under current liabilities			(352,644)	(388,194)
Amount due for settlement after 12 months			203,696	556,340

Certain of the Group's motor vehicles are held under finance lease (note 11). The lease terms are within 3 to 5 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The above finance leases carry interest at the rate per annum of 2.18 to 5%.

19. BANK BORROWINGS- SECURED

	2014	2013
	HK\$	HK\$
Bank loans, secured	18,201,227	30,595,456
Bank overdrafts, secured	1,132,372	8,211,902
	19,333,599	38,807,358

The analysis of the carrying amount of bank borrowings is as follows:

	2014	2013
	HK\$	HK\$
Bank overdrafts	1,132,372	8,211,902
Portion of bank loans due for repayment within one year	9,506,150	18,747,029
Portion of bank loans due for repayment after one year which contain a repayment on demand clause	8,695,077	11,848,427
	19,333,599	38,807,358

The Group's bank borrowings were due for repayment as follows:

	2014	2013
	HK\$	HK\$
Overdrafts repayable on demand	1,132,372	8,211,902
Portion of bank loans due for repayment within one year	9,506,150	18,747,029
	10,638,522	26,958,931
Bank loans due for repayment after one year (<i>Note</i>)		
After 1 year but within 2 years	5,463,354	3,153,350
After 2 years but within 5 years	3,117,123	7,937,062
After 5 years	114,600	758,015
	8,695,077	11,848,427
	19,333,599	38,807,358

Note: The amounts due are based on the scheduled repayment dates set out in the loan agreements and ignore the effect of any repayment on demand clause.

The carrying amounts of bank borrowings are denominated in HK\$.

The above bank borrowings carry interest at the rate per annum from 4.25% to 6.25% (2013: 2.86% to 6.25%) for the year ended 31 March 2014.

The bank loans were secured by properties of related parties (Fortune Trend and More Rise (note 15(c)(1)), unlimited guarantees from the directors of the Company and related parties, (Fortune Trend and More Rise (note 15(c)(1)), bank fixed deposit (note 16), deposits placed for life insurance policies (note 12) and guarantees from Hong Kong Mortgage Corporation Limited and HKSAR Government (note 22).

20. SHARE CAPITAL

Authorised and issued share capital

	2014		2013	
	Number of ordinary shares	Nominal Value HK\$	Number of ordinary shares	Nominal Value HK\$
Ordinary shares of HK\$0.01 each				
Authorised:				
Upon incorporation (<i>note (a)</i>)	–	–	3,800,000	380,000
As at 1 April	3,800,000	380,000	–	–
Subdivision of shares (<i>note (c)</i>)	34,200,000	–	–	–
Increase during the year (<i>note (d)</i>)	4,962,000,000	49,620,000	–	–
As at 31 March	<u>5,000,000,000</u>	<u>50,000,000</u>	<u>3,800,000</u>	<u>380,000</u>
Issued and fully paid:				
Upon incorporation (<i>note (a)</i>)	–	–	1	0.1
As at 1 April	1	0.1	–	–
Issue of shares on Reorganisation (<i>note (b)</i>)	1	0.1	–	–
Subdivision of shares (<i>note (c)</i>)	18	–	–	–
Issue of shares upon:				
Capitalisation issue (<i>note (e)</i>)	299,999,980	2,999,999.8	–	–
Placing of shares (<i>note (f)</i>)	100,000,000	1,000,000	–	–
As at 31 March	<u>400,000,000</u>	<u>4,000,000</u>	<u>1</u>	<u>0.1</u>

Notes:

(a) The Company was incorporated on 15 August 2012 in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 3,800,000 shares of HK\$0.10 each, of which one share of HK\$0.10 was allotted and issued.

(b) On 8 August 2013 pursuant to the Reorganisation of the Group for the Listing, the Company acquired the entire issued share capital of KSU from Topgrow Holdings Limited (“Topgrow”) in consideration of the allotment and issue of a total of 1 share, credited as fully paid up to Topgrow.

HK\$4,750,108 represents the aggregate amounts of issued share capital of Kong Shum Union Property Management Group Limited, KSU, K-King Cleaning Services Limited and Q&V Security Company Limited (“Q&V”) as at 31 March 2013. The said total share capital of HK\$4,750,108 was reallocated to merger reserve for the Reorganisation.

(c) On 19 September 2013, every one share of the Company of HK\$0.10 was subdivided into ten shares of HK\$0.01 each which resulted in the Company having an authorised share capital of HK\$380,000 divided into 38,000,000 shares and an issued share capital of HK\$0.2 divided into 20 shares held by Topgrow.

- (d) On 19 September 2013, the authorised share capital of the Company was increased from HK\$380,000 to HK\$50,000,000 by the creation of an additional 4,962,000,000 shares of HK\$0.01 each.
- (e) On 19 September 2013, conditional on the share premium account of the Company being credited by HK\$2,999,999.80 as a result of the issue of placing shares pursuant to the placing as mentioned and defined in (f) below, an aggregate of 299,999,980 shares, by the way by capitalisation of the sum of HK\$2,999,999.80 standing to the credit of the share premium account of the Company, would be issued, allotted and credited as fully paid at par to the Shareholders as appearing on the register of members of the Company at close of business of 18 September 2013 (the “Capitalisation”). Upon the Capitalisation, the issued share capital of the Company would become HK\$3,000,000 divided into 300,000,000 shares of HK\$0.01 each.
- (f) On 11 October 2013, 100,000,000 ordinary shares of HK\$0.01 each were issued by the way of placing at a price of HK\$0.33 per share (the “Placing Price”) for a total cash consideration of HK\$33,000,000, before insurance cost. The excess of the Placing Price over the par value of the shares issued was credited to the share premium account of the Company.

21. DIVIDEND

	2014 HK\$	2013 HK\$
Interim dividend paid (<i>note a</i>)	–	5,000,000
Proposed final dividend of HK5 cents per share (<i>note b</i>)	<u>20,000,000</u>	<u>–</u>
	<u><u>20,000,000</u></u>	<u><u>5,000,000</u></u>

Note:

- (a) It represents dividend paid by KSU to its then shareholders.
- (b) Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 March 2014 of HK5 cents (2013: nil) per share has been proposed by the directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming general meeting.

22. BANKING FACILITIES

Pledged bank fixed deposits (note 16) and deposits placed for life insurance policies (note 12), properties of related parties (Fortune Trend and More Rise (note 15(c)(1), unlimited guarantee from the directors of the Company and related parties (Fortune Trend and More Rise (note 15(c)(1), guarantees from Hong Kong Mortgage Corporation Limited and HKSAR Government (the “Securities”) have been pledged to banks to secure banking facilities granted to the Group and also part of the Securities have been pledged to a bank to secure banking facilities granted to related parties.

As at 31 March 2014, the banking facilities granted to the Group are approximately HK\$81.4 million (2013: approximately HK\$81.4million).

As at 31 March 2014, approximately HK\$19.3 million (2013: HK\$54.6 million) of the banking facilities have been utilised by the Group.

As at 31 March 2014, the outstanding amounts of the bank borrowings to the said related parties are approximately HK\$8.7 million (2013: HK\$4.8 million).

23. LEASE COMMITMENTS

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

	2014 <i>HK\$</i>	2013 <i>HK\$</i>
Within one year	2,215,800	1,898,800
In the second to fifth years inclusive	<u>1,608,000</u>	<u>2,666,400</u>
	<u>3,823,800</u>	<u>4,565,200</u>

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

24. CONTINGENT LIABILITIES

(a) Financial guarantees issued

At the end of the reporting period, the Group has issued cross guarantees to a bank in respect of the banking facilities granted to the Group and its related parties. Under the cross guarantees, the Group and its related parties are jointly and severally liable for all or any the borrowings of each of them from the bank (note 22).

At the end of the reporting period, the directors do not consider it probable that a claim will be made against the Group under the above issue. The maximum liability of the Group at the end of the report period under guarantees is the outstanding amount of the bank borrowings to the related parties at that date.

The outstanding amounts of bank borrowings to the related parties as at 31 March 2014 is approximately HK\$8.7 million (2013: HK\$4.8 million).

The fair value of the cross guarantees at date of inception is not material and is not recognised in the financial statements.

(b) Performance bond and incorporated owners' fund

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

As at 31 March 2014, the amount of outstanding performance bond was approximately HK\$16.9 million (2013: HK\$15.8 million).

As at 31 March 2014, the aggregate amounts of the bank balances in the client accounts mentioned above were approximately HK\$18.0 million (2013: HK\$22.2 million).

(c) Legal cases

In carrying out the ordinary course of its business, the Group is subject to the risk of being named as a party in legal actions, claims and disputes in connection with its business activities. The nature of the legal proceedings initiated against the Group generally include (i) claims for employees' compensation by the Group's employees; (ii) claims for personal injury caused by the negligence of the Group and owners' corporations of the properties by passers-by, residents or other users of the respective properties; (iii) claims for property damage or economic loss caused by the negligence of the Group and owners' corporations of the properties by residents or other users of the respective properties; and (iv) claims for property damage caused by the negligence of individual flat owners by other residents or users of the respective properties. The Group maintains insurance cover and, in the opinion of the directors of the Company, based on current evidence, any such existing claims should be adequately covered by the insurance as at 31 March 2014.

Save as disclosed herein below, as of the date of on which the consolidated financial statements approved by the directors, no member of the Group is involved in any litigation, arbitration or claim of material importance and, so far as the directors are aware, no litigation, arbitration or claim of material importance is pending or threatened against any member of the Group.

- (i) KSU has been named as a third party on 4 May 2012 by the first and third defendant in a High Court action commenced on 24 August 2011 regarding a personal injury action against, among others, a scaffolding company and the incorporated owners' of the building for death caused to the deceased employed by the scaffolding company. KSU filed its defence on 3 October 2012 and the date of the trial had been fixed to be held at the High Court on 15 September 2014 to 30 September 2014. The amount of damages will be assessed by the court and the Company is unable to assess the quantum of the case. As stated in the revised statement of damages of the plaintiff dated 11 September 2012, the plaintiff claims for a total of \$3,562,688.53.

The Company's legal adviser as to the legal proceedings opined that (i) KSU will not be liable for the damages claimed by the first and third defendants unless and until (a) the first and third defendants had been held liable by the court for the plaintiff's claims in the main action; (b) such defendants' claims against KSU had been established, and it was pre-mature to determine whether the indirect claim against KSU would be substantiated or not; (ii) KSU has a good defence in the third party claims; (iii) the public liability insurance policy (the "PL Policy") does not cover the above accident occurred to the deceased since KSU did not report the accident to the insurance company within the prescribed time limit; and (iv) in the event that the court holds KSU liable to the claim, the maximum amount of potential liability of KSU would be the total amount of the claims, i.e. HK\$4,423,688.53 after deducting the amounts which the scaffolding company and the incorporated owners of the building could convince the court to reduce in their defence to the plaintiffs claim in the main action plus the costs of the proceedings.

- (ii) KSU has been named as a respondent regarding an employee compensation claim in a District Court action commenced on 24 April 2012. On 21 September 2011, during the course of patrolling the staircases of one of the buildings managed by KSU, the applicant employed by KSU fell from the staircases. The first hearing was held on 28 September 2012 at the District Court of Hong Kong. The insurance company, on behalf of KSU, has admitted its employee's compensation liability on this case and is now liaising with the applicant's solicitor to arrange the applicant to attend a joint medical examination. The amount of compensation will be assessed by the Court therefore the Company is unable to assess the quantum of the case. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK\$200,000,000. As (i) the employee's compensation insurance policy (the "EC policy") covers such incident occurred to the applicant; and (ii) the insurance company would have to pay for the employee's compensation and costs of this claim to the applicant pursuant to the EC policy, the Company's legal adviser as to legal proceeding is therefore of the view that KSU has no potential liability in this claim.

- (iii) KSU has been named as one of the defendants regarding a personal injury claim sustained by the plaintiff on or about 7 July 2009 in a High Court action commenced on 30 May 2012. The insurance company for and on behalf of KSU filed a defence with the High Court on 14 January 2013. A joint orthopedic examination has been taken place on 9 July, 2013 to verify the condition of the plaintiff. The amount of damages for personal injury sustained by the plaintiff will be assessed by the court and the Company is unable to assess the quantum of the case. As stated in the statement of damages of the plaintiff dated 18 December 2012, the plaintiff claimed for a total of HK\$2,150,206 as compensation. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK\$25,000,000. The Company's legal adviser as to legal proceedings opined that (i) the PL Policy covers the above accident occurred to the plaintiff; and (ii) save as the insurance company shall not be liable for the first HK\$3,000, the insurance company would have to pay for the claim to the plaintiff pursuant to the PL Policy. The Company's legal adviser as to legal proceedings is therefore of the view that KSU has no potential liability in this claim.

- (iv) On 15 July 2013, KSU issued a writ to one of its customers being an owners' corporation (the "Defendant"), claiming an amount of HK\$113,958 for the total sum of the fixed service charges as well as expenses incurred by KSU for the management of the property of the Defendants for the period from 1 November 2012 to 31 January 2013. The Defendants filed its defence and counterclaim on 5 September 2013. According to such defence and counterclaim, the Defendant avers that KSU is not entitled to the claim for the said sum on the ground that KSU was in breach of its duties under the management agreement. Further, the Defendant alleged that KSU was in breach of another agency agreement entered into between the Defendant and an advertising company. The Defendant did not state the amount of its counterclaim (the "Counterclaim") against KSU in its defence and counterclaim. KSU was insured against its professional liability by an insurance company for the maximum compensation amount payable at HK\$30,000,000 per claim. Given that (i) KSU maintained that the relevant documents, including income and expenditure statement and balance sheet and all the relevant documents and receipts for various expenses (if available), had already been provided to the Defendant; and (ii) the agency agreement was made directly between the Defendant and the said advertising company, to which KSU is not a party and has no relationship with the said advertising company, and all the advertising income paid by the advertising customers were paid by the said advertising company directly to the Defendant, not through KSU, the Company's legal adviser as to the legal proceedings opined that (i) KSU had a good defence to the Counterclaim; and (ii) it is likely that KSU's liability to the Counterclaim, if any, will be covered by the Professional Indemnity Insurance Policy.
- (v) KSU has been named as a respondent regarding an Employees' Compensation claim in a District Court action commenced on 16 January 2014. On 28 October 2013, the deceased employee was assigned by the respondent, its agents, to work at the Site. Whilst the deceased was on his duties, he sustained fatal injuries. The insurance company, on behalf of KSU, has admitted its employee's compensation liability on this case. The amount of compensation will be assessed by the Court therefore the Company is unable to assess the quantum of the case. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK\$200,000,000.

- (vi) KSU has been named as a respondent regarding an Employees' Compensation claim in a District Court action commenced on 17 April 2014. On 13 September 2012, during the course of stationing at the security guard post sitting on the stool, the applicant as an employee of the Group saw a tenant and tried to retrieve an oversized post on the desk which could not be inserted into the letter box. The stool toppled and the applicant lost balance and fell from the stool landing on her back and buttock. As a result, the applicant sustained injuries to her right hip and back. The insurance company, on behalf of KSU, has admitted its employee's compensation liability on this case. The amount of compensation will be assessed by the Court therefore the Company is unable to assess the quantum of the case. At the time of the accident, KSU was insured against liability by an insurance company and the maximum amount of compensation payable by the insurance company is HK\$200,000,000.

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 year ended 31 March 2014, the Group provided property security services for 29 properties under stand-alone security services contracts. The operating arm of the Group’s security services is mainly 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

Summary Financial Performance

	The result without excluding listing expenses			The result excluding listing expenses		
	2014	2013	Change	2014	2013	Change
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
Revenue	324,981	284,063	14.4%	324,981	284,063	14.4%
Cost of services	(258,781)	(231,764)	11.7%	(258,781)	(231,764)	11.7%
Gross Profit	66,200	52,299	26.6%	66,200	52,299	26.6%
Gross profit margin	20.4%	18.4%	n/a	20.4%	18.4%	n/a
Other income/(expenses), net	279	0	n/a	279	0	n/a
Administrative expenses	(37,980)	(30,422)	24.8%	(37,980)	(30,422)	24.8%
Other operating expenses	(19,775)	(13,084)	51.1%	(13,245)	(8,763)	51.1%
Finance costs	(1,105)	(1,559)	-29.1%	(1,105)	(1,559)	-29.1%
Profit before tax	7,619	7,234	5.3%	14,149	11,555	22.4%
Income tax expense	(2,591)	(1,664)	55.7%	(2,591)	(1,664)	55.7%
Profit attributable to owners of the Company	5,028	5,570	-9.7%	11,558	9,891	16.9%
Net profit margin	1.5%	2.0%	n/a	3.6%	3.5%	n/a

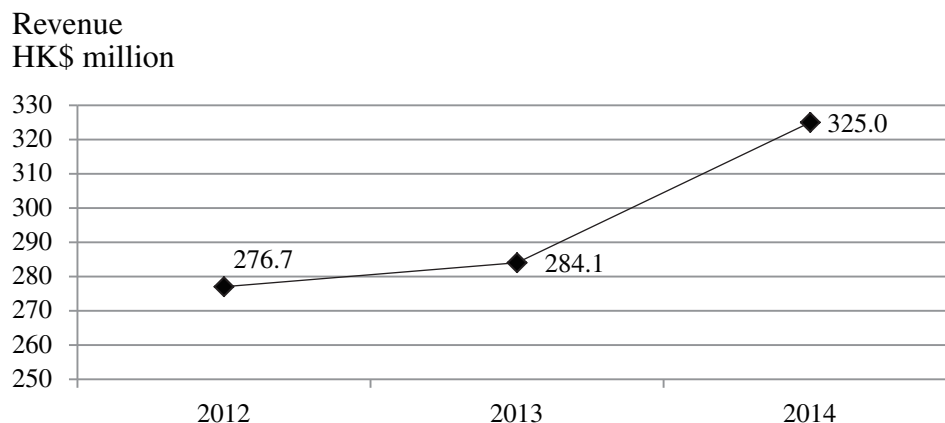
Revenue

For the year ended 31 March 2013 and 2014, all of the Group's revenue was derived from its operation in Hong Kong. The Group derived revenue of approximately HK\$17.4 million and HK\$20.7 million from stand-alone security services contracts for year ended 31 March 2013 and 2014 respectively, representing approximately 6.1% and 6.4% of its total revenue. The following table sets out the Group's revenue by contract type for year ended 31 March 2013 and 2014:

	2014		2013	
	<i>HK\$' million</i>	<i>percentage</i>	<i>HK\$' million</i>	<i>percentage</i>
Property management services contracts	304.3	93.6%	266.7	93.9%
Property security services contracts	20.7	6.4%	17.4	6.1%
	<u>325.0</u>	<u>100%</u>	<u>284.1</u>	<u>100.0%</u>

The Group's revenue improved by approximately 14.4% from approximately HK\$284.1 million for the year ended 31 March 2013 to approximately HK\$325.0 million for the year ended 31 March 2014. The increase was primarily attributable to the growth of revenue generated from property management services contracts, increasing by around 14.1% to approximately HK\$304.3 million for the year ended 31 March 2014. Revenue generated from security services contracts also recorded an increase of around 19.0% to approximately HK\$20.7 million for the year ended 31 March 2014. The significant increase on revenue was due to adjustment of service income after the increase in statutory minimum wage in Hong Kong from HK\$28.0 per hour to HK\$30.0 per hour effective from 1 May 2013.

The following graph sets out revenue for the years ended 31 March 2012, 2013 and 2014.



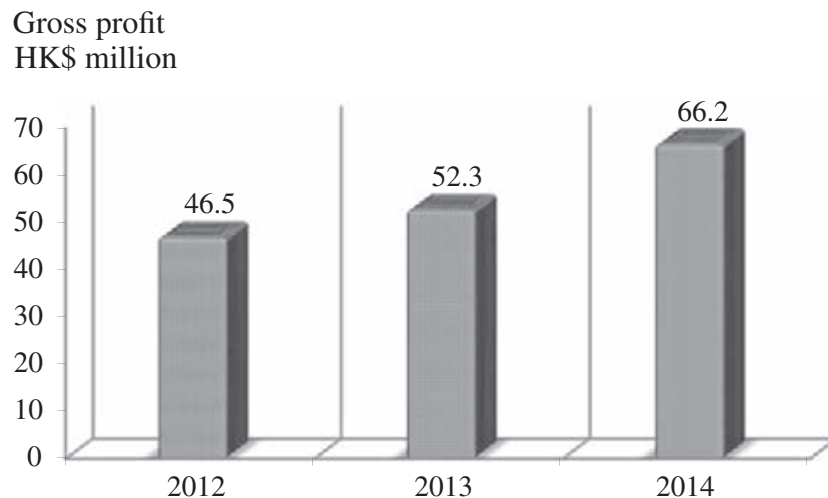
Cost of services

The total cost of services amounted to approximately HK\$231.8 million and HK\$258.8 million for the year ended 31 March 2013 and 2014 respectively, representing approximately 81.6% and 79.6% of the Group's revenue, and also an increase of approximately 11.7% compared to the corresponding period in 2013. The significant increase was mainly due to the increase on wages after the increase in statutory minimum wage in Hong Kong HK\$28.0 per hour to HK\$30.0 per hour effective from 1 May 2013.

Gross profit

The gross profit of the Group increased by approximately 26.6% from approximately HK\$52.3 million for the year ended 31 March 2013 to approximately HK\$66.2 million for the year ended 31 March 2014. The gross profit margin was approximately 18.4% and 20.4% for year ended 31 March 2013 and 2014 respectively. The Group had negotiated and adjusted the service fee in order to reflect the increase in costs and to maintain a growth on the gross profit margin.

The following graph sets out gross profit for the years ended 31 March 2012, 2013 and 2014.

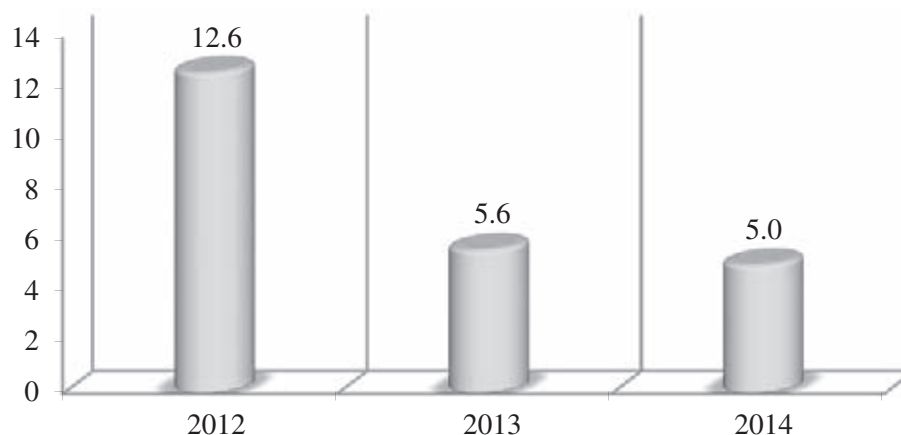


Profit attributable to owners of the Company

The percentage on profit attributable to owners of the Company decreased by approximately 9.7% as compared with the previous year, which was mainly due to the effect on listing expenses incurred in year 2013 for the amount approximately HK\$6.5 million. Excluding the effect of listing expenses, the profit attributable to owners increased by approximately 16.9% from approximately HK\$9.9 million for the year ended 31 March 2013 to approximately HK\$11.6 million for the year ended 31 March 2014 and the net profit margin increased slightly by approximately 0.1 percentage point from approximately 3.5% to 3.6% for the year ended 31 March 2013 and 2014 respectively.

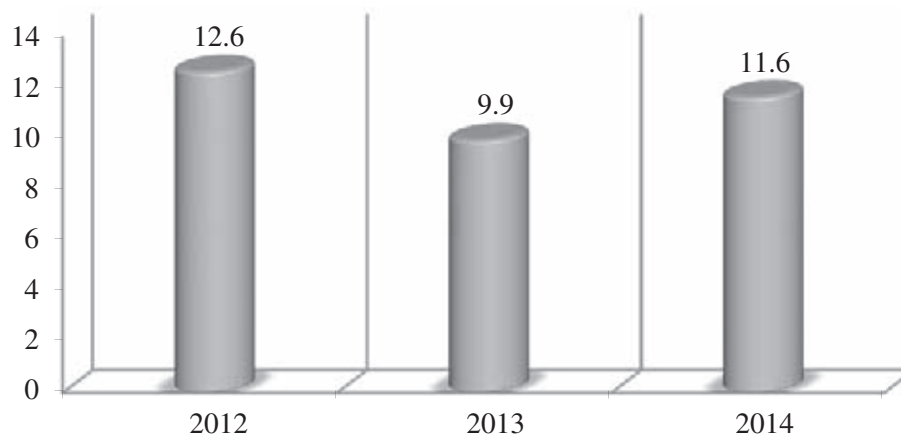
The following graph sets out profit attributable to owners of the Company (without excluding listing expenses) for the years ended 31 March 2012, 2013 and 2014.

Profit attributable to owners of the Company
HK\$ million



The following graph sets out profit attributable to owners of the Company (excluding listing expenses) for the years ended 31 March 2012, 2013 and 2014.

Profit attributable to owners of the Company
HK\$ million



Administrative expenses

The Group's administrative expenses for the reporting period were approximately HK\$38.0 million (2013: HK\$30.4 million), representing an increase of approximately 24.8% compared to the corresponding period in 2013. This was mainly attributable to the increase in staff cost including staff salaries, bonus and directors emoluments incurred during the reporting period.

Other operating expenses

The Group's other operating expenses for the reporting period were approximately HK\$19.8 million (2013: HK\$13.1 million), representing an increase of approximately 51.1% compared to the corresponding period in 2013. The significant increase was mainly due to the increase in listing expenses, audit fees, insurance, donation and professional fees incurred during the reporting period.

Liquidity, financial resources and capital structure

	For the year ended/as at 31 March	
	2014	2013
Financial position		
Current assets (HK\$'000)	104,166	96,142
Current liabilities (HK\$'000)	62,223	84,016
Net current assets (HK\$'000)	41,943	12,126
Total assets (HK\$'000)	115,994	105,023
Bank borrowings and obligations under finance leases (HK\$'000)	19,890	39,751
Bank balances and cash (HK\$'000)	35,900	5,577
Total equity (HK\$' 000)	53,567	20,451
Key ratios		
Gearing ratio (1)	37.1%	194.4%
Current ratio (2)	1.67 times	1.14 times
Return on equity (3)	13.6%	28.6%
Return on assets (4)	4.5%	5.6%
Net Debt to equity ratio (5)	0%	167.1%
Debtors turnover day (6)	51.6 days	52.0 days
Creditors turnover day (7)	27.1 days	30.0 days

Notes:

1. Gearing ratio is calculated as the total debt divided by total equity. For the avoidance of doubt, total debt represents bank borrowing and finance lease obligation.
2. Current ratio is calculated as the current assets divided by current liabilities.
3. Return on equity is calculated as the profit for the year divided by average total equity.
4. Return on assets is calculated as the profit for the year divided by average total assets.

5. Net debt to equity ratio is calculated as the total debt net of cash and bank balances and divided by total equity. For the avoidance of doubt, total debt represents bank borrowing and finance lease obligation.
6. Debtors' turnover day is calculated as average trade receivables divided by revenue times number of days in the period.
7. Creditors' turnover day is calculated as average trade payables divided by cost of services times number of days in the period.

The Group maintained sufficient working capital as at 31 March 2014 with bank balances and cash of approximately HK\$35.9 million (2013: approximately HK\$5.6 million).

As at 31 March 2014, the Group has bank borrowings and obligations under finance lease, were approximately HK\$19.9 million (2013: approximately HK\$39.8 million).

As at 31 March 2014, the Group's net current assets amounted to approximately HK\$41.9 million (2013: approximately HK\$12.1 million). The Group's operations are financed principally by revenue generated from its business operations, available cash and bank balances and bank borrowings.

Return on equity

The return on equity dropped from 28.6% for the year ended 31 March 2013 to 13.6% for the year ended 31 March 2014, mainly due to (i) non-recurring listing expenses of approximately HK\$6.5 million incurred for the year ended 31 March 2014; and (ii) the placing of shares enlarged the Company's equity.

Return on assets

The return on assets dropped from 5.6% for the year ended 31 March 2013 to 4.5% for the year ended 31 March 2014, mainly due to (i) non-recurring listing expenses of approximately HK\$6.5 million incurred for the year ended 31 March 2014; and (ii) the placing of shares enlarged the Company's asset.

Current ratio

The Group's current ratio increased from 1.14 times as at 31 March 2013 to 1.67 times as at 31 March 2014 mainly due to the settlement on bank borrowing of approximately HK\$19.5 million during the reporting period.

Gearing ratio

The Group's gearing ratio, defined as the total debt (i.e. bank borrowing and finance lease obligation) divided by total equity, as at 31 March 2014 is 37.1% (2013: 194.4%). The total bank borrowings decreased from approximately HK\$38.8 million as at 31 March 2013 to approximately HK\$19.3 million as at 31 March 2014 as the Group settled the bank loan during the reporting period. On the other hand, the Group's total equity increased significantly during the year ended 31 March 2014 due to the placing of shares.

Net debt to equity ratio

The Group's net debt to equity ratio decreased from approximately 167.1% as at March 2013 to 0% as at 31 March 2014 mainly due to (i) the bank borrowing of approximately HK\$19.5 million had been settled during the year, (ii) the increase in cash and bank balances from the proceeds from the placing of shares in the amount of HK\$33.0 million.

Debtors' turnover day

The debtors' turnover day decreased slightly from approximately 52.0 days for the year ended 31 March 2013 to approximately 51.6 days for the year ended 31 March 2014 under the monitor of the recoverability on the trade debtors.

Creditors' turnover day

The creditors' turnover day was slightly decreased from approximately 30.0 days for the year ended 31 March 2013 to approximately 27.1 days for the year ended 31 March 2014. The decrease was due to the early settlement to some creditors.

OPERATION REVIEW

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. It is envisaged that the property management business will expand simultaneously. On the other hand, even though strong competition and soaring cost resulting from minimum wage revision and inflation are not avoidable, 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 Stock Exchange and believe that the group would be benefited from the Listing.

Human resources

As at 31 March 2014, the Group had a total of 2,062 employees. The Group's staff costs for the year ended 31 March 2014 amounted to approximately HK\$274.1 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.

Staff cost and statutory minimum wage

The minimum wage was revised from HK\$28.0 per hour to HK\$30.0 per hour on 1 May 2013. The average remuneration of the Group's security staff and technical staff has increased from approximately HK\$28.4 per hour in April 2013 to approximately HK\$30.2 per hour in May 2013, with approximately 6.7% increment. The salary payment for the Group's security staff and technicians has increased by approximately 9.0% between April 2013 and May 2013. Meanwhile, the Group's revenue has increased by approximately 14.4% for the year ended 31 March 2014 as compared with the year ended 31 March 2013.

Services contracts

During the year ended 31 March 2014, 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, 22 other property management contracts were also awarded. During the year ended 31 March 2014, 25 property management contracts and 5 stand-alone security service contracts were awarded to the Group. As at 31 March 2014, the total number of property management service contracts is 394 and the total number of stand-alone security service contracts is 17. The total number of service contracts as at 31 March 2014 is 411.

Contract renewal complying with procedural requirements

During the year ended 31 March 2014, 11 out of the total of 411 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 400 valid contracts as at 31 March 2014 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 year ended 31 March 2014 included the mandatory term requiring the client to follow the said procedural requirements (if applicable).

Client accounts

As at 31 March 2014, the Group was holding 47 client accounts amounting to approximately HK\$18.0 million (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 March 2014, the banks issued 14 bond certificates amounting to approximately HK\$16.9 million (2013: approximately HK\$15.8 million) on behalf of the Group to the clients as required in the service contracts.

Capital expenditure

The Group purchased property, plant and equipment amounting to approximately HK\$0.4 million for the year ended 31 March 2014 (2013: approximately HK\$1.9 million).

Capital commitments

The Group did not have any significant capital commitments as at 31 March 2014 (2013: Nil).

Foreign currency risk

The Group's business operations were conducted in Hong Kong. The transactions, monetary assets and liabilities of the Group were mainly denominated in Hong Kong dollar. During the year ended 31 March 2014, there was no material impact to the Group arising from the fluctuation in the foreign exchange rates between the currencies.

The Group did not engage in any derivatives arrangement and did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 March 2014.

Major investment, acquisitions and disposals

Save for the Reorganisation, the Group did not have any major investment, acquisitions, and disposals during the year ended 31 March 2014.

Charges over assets of the Group

As at 31 March 2014, certain pledged bank deposits of approximately HK\$15.9 million and the deposits placed for life insurance policies of approximately HK\$7.5 million were pledged to a bank to secure banking facilities granted to the Group. Besides, the Group had certain motor vehicles acquired under finance lease. The carrying value of motor vehicles under finance lease amounted to approximately HK\$0.9 million and approximately HK\$0.6 million as at 31 March 2013 and 2014 respectively.

The deposits placed for life insurance policies are denominated in US\$, a currency other than the functional currency of the Group.

The following table set out the pledged bank deposits of the Group as at 31 March 2014 and 2013:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Pledged bank deposits (<i>note</i>)	15,896	15,666

Note: Pledged bank deposits represent deposits pledged to banks to secure banking facilities granted to the Group as at 31 March 2014 and 2013.

Comparison of business objectives with actual business progress

An analysis comparing the business objectives as set out in the Prospectus for the period from 20 September 2013, being the latest practicable date as defined in the Prospectus (“**LPD**”), to 31 March 2014 (the “**Review Period**”) with the Group’s actual business progress for the Review Period is set out as follows:

	Business objectives stated in the Prospectus	Actual business progress
Implementation of old district property management scheme	Set up development team internally to determine the timetable, objective and resource allocation of the scheme;	A steering group headed by Mr. Ho Ying Choi, the executive director and the chief executive officer of the Group and assisted by Mr. Lau Ping Kwan, the associate director of KSU (<i>note</i>) was established. Other members include Mr. Yeung Pui Hung, the senior property manager of KSU, the area managers and the representatives from the maintenance department.

**Business objectives stated
in the Prospectus**

Actual business progress

- | | |
|--|--|
| – formulate the detailed business plan | Mr. Lau Ping Kwan and Mr. Yeung Pui Hung were assigned to take up the scheme and monitor the developments of the progress. The group meets bi-weekly to review the progress of the assignments allotted to each regional management teams and to give directives to the frontline property management staff. |
| – gather building and flat owners' information in the targeted areas such as Hung Hom, To Kwa Wan and Sham Shui Po in Hong Kong; and | The district senior property managers have begun approaching local leaders to exchange views on the implementation of the scheme. The field management teams under the supervision of the area managers have recently started canvassing information and responses from potential buildings or clients. |
| – prepare promotional materials | The staff of the marketing team are preparing the marketing materials illustrating the highlights of the scheme with an aim to assist the area managers to introduce the scheme to the target groups. |

**Business objectives stated
in the Prospectus**

Actual business progress

**Expansion of the
property management
portfolio**

- formulate the detailed operation plan and business strategy

A working group comprising of Mr. Fong Shek Hung, the associate director of KSU (*note*), Mr. Law Kwok Leung, the district senior property manager and Mr. Mo Kin Keung, the senior estate manager (Member of the Hong Kong Royal Institute of Charter Surveyor) was established.

The working group had already started the feasibility studies on a number of non-domestic property management modules including carparks, shopping complex, government office buildings and educational institutes.

Much efforts were endeavoured to work out different business plans in parking facilities and commercial complex with terms of reference focusing on the demand and supply, turn-over rates, market trends, economic forecast, cost effectiveness of automation systems and energy saving equipment and also the promotional strategies.

Certain carpark owners were approached and necessary information was collected from them. Some potential facilities are identified and will be started in May 2014.

Simultaneously, efforts are put on checking out the most updated models, cost, operation, maintenance and repairs, technical viability and availability of supplies or shipping time for installing automation or energy saving systems.

Note: The position “associate director” is a corporate title only and not a “director” within the meaning of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group’s administration or overall standard; and (iii) the Group’s customer relations.

Use of proceeds from the Listing

The actual net proceeds from the issue of new shares of the Company under the placing as set out in the Prospectus were approximately HK\$17.5 million, which was different from the estimated net proceeds of approximately HK\$24.4 million (estimated on the assumption that the placing price would be the mid-point of the stated range as stated in the Prospectus). For the period from the LPD until 31 March 2014, the Group has applied the net proceeds as follows:

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

The unutilized balance of the net proceeds will be applied in the manner consistent with that mentioned in the Prospectus.

Proposed Final Dividend

A final dividend of HK5 cents per share in respect of the year ended 31 March 2014 has been proposed by the Board and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

CORPORATE GOVERNANCE PRACTICES

The Company endeavours to maintain high standard of corporate governance for the enhancement of shareholders' value and maintain 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 upon the listing of the Company. According to the code provision C.2.1, the Directors should at least annually conduct a review of the effectiveness of the Group's internal control systems and report to shareholders that they have done so in their Corporate Governance Report. The review should cover all material controls, including financial, operational and compliance controls and risk management functions. The Company's shares were listed on the GEM on 11 October 2013, and less than six months was left before the financial year ended on 31 March 2014. During the year ended 31 March 2014, the Company formulated a plan to engage a third-party professional firm to conduct an internal control review in July 2014. Save for the above, the Company had complied with the Code since the date of listing and up to 31 March 2014.

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 March 2014, 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

Ordinary shares 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 March 2014, 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 March 2014, 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 March 2014, 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 year ended 31 March 2014.

Contract of significance

Save as disclosed under the paragraph "Connected transaction" below, as at 31 March 2014, there is no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries.

Connected transactions

A summary of the related party transactions entered into by the Group during the year ended 31 March 2014 is contained in Note 15 and Note 22 to the consolidated annual results.

Continuing connected transactions

On 7 March 2013, More Rise Investment Limited ("More Rise"), as the owner of the Tuen Mun office and storage property in Hong Kong, and KSU entered into a rental agreement (the "Tuen Mun Office Lease Agreement") under which the Tuen Mun office and storage property in Hong Kong is leased to KSU for a term of one year from 1 April 2013 to 31 March 2014 at a monthly rental of HK\$21,000. For each of the years ended 31 March 2014 and 2013, the aggregate rent paid by KSU to More Rise in respect of the Tuen Mun office and storage property were HK\$252,000 and HK\$156,000 respectively.

Pursuant to Rule 20.33(3)(c) of the GEM Listing Rules, the transactions under the Tuen Mun Office Lease Agreement are exempted from the reporting, annual review announcement and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules in respect of the transactions under the Tuen Mun Office Lease Agreement.

For the purposes of facilitating banking facilities arrangements, prior to the Listing, KSU and Q&V have issued unlimited cross guarantees to a bank dated 21 August 2012 and 6 September 2010 respectively in respect of the banking facilities granted to the Group and two companies, Fortune Trend Investment Limited and More Rise, that are jointly owned by Mr. Ho Ying Choi and Mr. Ho Ying Cheung, the Group's executive Directors. No consideration was given. The release of the guarantees in favour of the two companies has been approved by the bank after the Listing.

Audit Committee

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

The audit committee has reviewed and approved the audited financial statements of the Group for the year end 31 March 2014 and recommended approval to the Board.

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 year ended 31 March 2014, 11 meetings were held and the legal adviser had 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.

Safety committee

To raise the management's awareness of the health and safety in the workplace, the Group formed a safety committee comprising Mr. Fong Shek Hung, the associate director (*note*) of KSU, and Mr. Law Kwok Leung, a senior property manager of KSU, 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 the other 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 year ended 31 March 2014, the committee held nine meetings and 29 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 (Chapter 622 of the Laws of Hong Kong) and the GEM Listing Rules. An associate director named herein is principally responsible for (i) the supervision of property management of the Group or its staff; (ii) supervision of the Group’s administration or overall standard; and (iii) the Group’s customer relations.

Board 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 a diversified board of Directors 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 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.

Major shareholders

Topgrow is a company incorporated in the British Virgin Islands 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 by Mr. Ho Ying Choi and Mr. Ho Ying Cheung as to 60% and 40% holdings respectively. The Group was founded by Mr. Ho Ying Cheung and other then shareholders in 1984, while 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.

Interests of the compliance adviser

As notified by the compliance adviser of the Company, Ample Capital Limited, as at 31 March 2014, 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, 20 June 2014

As at the date of this announcement, the executive Directors 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 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