



港深聯合物業管理（控股）有限公司

**KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED (8181.HK)**

(於開曼群島註冊成立的有限公司 incorporated in the Cayman Islands with limited liability)

總辦事處及主要營業地點：香港中環德輔道中59號中南行10樓1001室 | 電話：(852) 2155 4112 | 傳真：(852) 2155 4114

Head office and principal place of business: Unit 1001, 10 Floor, Chung Nam House, 59 Des Voeux Road Central, Hong Kong

24 January 2018

*To the Independent Shareholders and Optionholders*

Dear Sir or Madam,

**CONDITIONAL MANDATORY CASH OFFERS BY KINGSTON SECURITIES  
FOR AND ON BEHALF OF HENG SHENG CAPITAL LIMITED  
FOR ALL THE ISSUED SHARES IN  
KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED  
(OTHER THAN THOSE SHARES ALREADY OWNED OR  
TO BE ACQUIRED BY HENG SHENG CAPITAL LIMITED AND  
PARTIES ACTING IN CONCERT WITH IT) AND FOR THE  
CANCELLATION OF ALL THE OUTSTANDING SHARE OPTIONS OF  
KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED**

**INTRODUCTION**

Reference is made to the Joint Announcement that on 29 December 2017 (after trading hours), the Company was informed by the Offeror that as a result of the Share Purchases (including the Additional Share Purchases which took place on 29 December 2017), the Offeror and parties acting in concert with it have purchased up to 257,504,000 Shares, representing approximately 30.11% of the issued share capital of the Company. Immediately prior to the Share Purchases, the Offeror and parties acting in concert with it were not interested in any Shares. Immediately prior to the Additional Share Purchases, the Offeror and parties acting in concert with it were interested in 242,504,000 Shares, representing approximately 28.35% of the then entire issued share capital of the Company.

As at the Latest Practicable Date, the Offeror and parties acting in concert with it owned an aggregate of 257,504,000 Shares, representing approximately 30.11% of the entire issued share capital of the Company. As disclosed in the “Letter from Kingston Securities”, the Offeror believes that if the Offers become unconditional it would allow the Offeror to consolidate its control in the Company. Pursuant to Rule 26.1 of the Takeovers Code, the Offeror was required to make the Share Offer and, pursuant to Rule 13 of the Takeovers Code, to make the Option Offer.

Pursuant to Rule 2.1 of the Takeovers Code, an Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Tso Siu Lun, Alan, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard, has been established to advise the Independent Shareholders and the Optionholders in respect of the terms of the Offers. The Board has appointed Euto Capital as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offers and, in particular, as to whether the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned and as to the acceptance of the Offers and such appointment has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other matters, information relating to the Group, the Offeror and the Offers as well as to set out the “Letter from the Independent Board Committee” containing its recommendation to the Independent Shareholders and the Optionholders in respect of the Offers and the “Letter from Euto Capital” containing its advice to the Independent Board Committee in respect of the Offers.

## **THE OFFERS**

Kingston Securities, is making the Offers for and on behalf of the Offeror to all the Independent Shareholders for all issued Shares (other than those Shares already owned or to be acquired by the Offeror and parties acting in concert with it) and all the Optionholders to cancel all the outstanding Share Options on the terms set out in this Composite Document in compliance with Rule 26.1 and Rule 13.5 of the Takeovers Code respectively, on the following basis:

### **Principal terms of the Offers**

#### *Share Offer*

For each Offer Share ..... HK\$0.38 in cash

The Share Offer Price of HK\$0.38 per Offer Share under the Offers equals to the highest purchase price per Share paid by the Offeror under the Share Purchases. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made, being the date of this Composite Document.

As at the Latest Practicable Date, the Company has a total of 855,351,515 Shares in issue. Further details of the Share Offer including, among others, the terms and conditions and the procedures for acceptance and settlement are set out in the “Letter from Kingston Securities”, Appendix I to this Composite Document and the accompanying Form of Share Offer Acceptance.

### ***Option Offer***

For cancellation of each Share Option . . . . . HK\$0.01 in cash

Pursuant to Rule 13 of the Takeovers Code and Practice Note 6 of the Takeovers Code, the Option Offer Price would normally represent the difference between the exercise price of the Share Options and the Share Offer Price. Under the Option Offer, given that the exercise prices of the outstanding Share Options are above the Share Offer Price, the outstanding Share Options are out-of-money and the Option Offer Price for the cancellation of each outstanding Share Option is set at a nominal value of HK\$0.01.

As at the Latest Practicable Date, there are 20,000,000 Share Options entitling the grantees to subscribe for an aggregate of 20,000,000 Shares at an exercise price of HK\$1.09 per Share which were granted under the Share Option Scheme.

Further details of the Option Offer including, among others, the terms and conditions and the procedures for acceptance and settlement are set out in the “Letter from Kingston Securities”, Appendix I to this Composite Document and the accompanying Form of Option Offer Acceptance.

### **Comparisons of value**

The Share Offer Price of HK\$0.38 per Offer Share represents:

- (i) the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.40% over the average of closing price of HK\$0.364 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 4.11% over the closing price of HK\$0.365 per Share as quoted on the Stock Exchange as at the Latest Practicable Date; and

- (iv) a premium of approximately 84.47% over the unaudited consolidated net asset value of the Group of approximately HK\$0.206 per Share as at 30 September 2017, based on a total of 855,351,515 Shares in issue as at 30 September 2017 and the Latest Practicable Date and the unaudited consolidated net asset value of the Group of approximately HK\$176,330,000 as at 30 September 2017.

#### **Highest and lowest Share prices**

The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Relevant Period were HK\$0.38 per Share (on 29 December 2017) and HK\$0.143 per Share (on 16 October 2017), respectively.

#### **Conditions of the Offer**

The Share Offer will be conditional upon the Offeror having received valid acceptances of the Offer Shares which, together with the Shares acquired or to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects. Following acceptance of the Option Offer, the relevant Share Options together with all rights attaching thereto will be entirely cancelled.

#### **Further information on the Offers**

Please refer to the "Letter from Kingston Securities" and Appendix I contained in this Composite Document for further information in relation to the Offers, including the value of the Offers, confirmation of financial resources available to the Offeror, Hong Kong stamp duty, payment in respect of acceptance of the Offers, procedures for acceptance of the Offers and settlement of the Offers.

## INFORMATION ON THE GROUP

The Group is principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties, properties investment and money lending business under the MLO. The Company is also interested in 30% issued share capital of an associate which, via its subsidiaries, carries out (i) Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO; and (ii) money lending business under the MLO.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) immediately prior to the Share Purchases; (ii) immediately prior to the Additional Share Purchases; and (iii) immediately following the Share Purchases (including the Additional Share Purchases) and as at the Latest Practicable Date:

Shareholdings	Immediately prior to the Share Purchases		Immediately prior to the Additional Share Purchases		Immediately following the Share Purchases (including the Additional Share Purchases) and as at the Latest Practicable Date	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>Number of Shares</i>	<i>% of issued Shares</i>	<i>Number of Shares</i>	<i>% of issued Shares</i>	<i>Number of Shares</i>	<i>% of issued Shares</i>
The Offeror and parties acting in concert with it	-	-	242,504,000	28.35	257,504,000	30.11
Public Shareholders	855,351,515	100.00	612,847,515	71.65	597,847,515	69.89
<b>Total</b>	<b>855,351,515</b>	<b>100.00</b>	<b>855,351,515</b>	<b>100.00</b>	<b>855,351,515</b>	<b>100.00</b>

## INFORMATION ON THE OFFEROR AND INTENTION OF THE OFFEROR IN RELATION TO THE GROUP

Your attention is drawn to the sections headed “Information on the Offeror” and “Intention of the Offeror in relation to the Group” in the “Letter from Kingston Securities” on pages 7 to 14 of this Composite Document for detailed information on the Offeror and the Offeror’s intention on the Group.

The Board is aware of the intention of the Offeror in respect of the Group. In particular, the Board is pleased that the Offeror intends to continue the principal businesses of the Group, and has no plans to inject any assets or businesses into the Group or to procure the Group to

acquire or dispose of any assets. The Offeror will, following the close of the Offers, conduct a detailed review of the business operations and financial position of the Group for the purpose of developing a sustainable business plan or strategy for the Group. The Offeror is inclined to work together with the senior management of the Company and to leverage on their expertise and experience to further promote the growth of the Group. The Directors are willing to render reasonable co-operation with the Offeror and will continue to act in the interests of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Offeror has no intention to terminate the employment of any employees of the Group or to make significant changes to any employment nor to dispose of or re-allocate any fixed assets of the Group (other than in the ordinary and usual course of business of the Group).

#### **MAINTAINING THE LISTING STATUS OF THE COMPANY**

As stated in the “Letter from Kingston Securities”, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the Closing Date and the sole director of the Offeror has undertaken and the new directors to be appointed to the Board (if any) will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares. The Company and the Offeror will issue a separate announcement as and when necessary regarding the decision of any such placing down if the circumstances warrant.

The Stock Exchange has stated that if, at the close of the Offers, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until a level of sufficient public float is attained.

As stated in the “Letter from Kingston Securities”, in the event that the public float falls below 25% upon close of the Offers, the Offeror will, as soon as practicable, dispose of such number of Shares either directly in the market or through a placing agent to be appointed by the Offeror to ensure that the public float requirement under the GEM Listing Rules can be met. Appropriate announcement(s) will be made in this regard as and when appropriate in compliance with the GEM Listing Rules.

#### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

Pursuant to Rule 2.1 of the Takeovers Code, an Independent Board Committee, comprising all independent non-executive Directors, namely, Mr. Tso Siu Lun, Alan, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard, has been formed to advise the Independent Shareholders and Optionholders in respect of the Offers as to whether the terms of the Offers are fair and reasonable so far as the Independent Shareholders and Optionholders are concerned and as to the acceptance of the Offers.

The Independent Board Committee has approved the appointment of Euto Capital as the Independent Financial Adviser which advises the Independent Board Committee in respect of the Offers.

## RECOMMENDATIONS

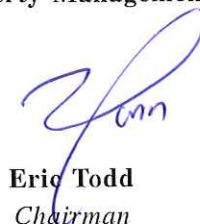
Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 22 to 23 of this Composite Document, which contains its recommendation to the Independent Shareholders and Optionholders in respect of the Offers; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee set out on pages 24 to 49 of this Composite Document, which contains its advice to the Independent Board Committee in respect of the fairness and reasonableness of the Offers and the principal factors considered by it in arriving at its opinions and recommendations.

## ADDITIONAL INFORMATION

You are strongly advised to read this Composite Document together with the accompanying Form(s) of Acceptance for information relating to the Offers, taxation and procedures for acceptance and settlement of the Offers.

Your attention is also drawn to the "Letter from Kingston Securities" and the additional information contained in the appendices to this Composite Document.

By order of the Board  
**Kong Shum Union Property Management (Holding) Limited**



Eric Todd  
Chairman

**WARNING: Shareholders, Optionholders and/or potential investors in the Company should note that (i) the Share Offer is subject to the satisfaction of the conditions that the Offeror having received valid acceptances of the Offer Shares which, together with the Shares acquired or to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company; and (ii) the Option Offer is subject to, and conditional upon, the Share Offer becoming or being declared unconditional in all respects. The Offers may or may not become unconditional. Shareholders, Optionholders and/or potential investors in the Company should therefore exercise caution when dealing in the securities of the Company (including the Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**