

DATE: 11 May 2017

KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED
(as company)

AND

SUPREME CHINA SECURITIES LIMITED
(as placing agent)

AGREEMENT
IN RELATION TO
PLACING OF UP TO
118,800,000 NEW SHARES IN THE CAPITAL OF
KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED
UNDER
GENERAL MANDATE

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THIS AGREEMENT is made on the 11th Day of May 2017

BETWEEN:

- (1) **KONG SHUM UNION PROPERTY MANAGEMENT (HOLDING) LIMITED**, a company incorporated in the Cayman Islands whose registered office is situate at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business in Hong Kong at Unit 906, 9/F, Wing's Building, 110-116 Queen's Road Central, Hong Kong (the "Company"); and
- (2) **SUPREME CHINA SECURITIES LIMITED**, a company incorporated in Hong Kong whose registered office and principal place of business is situated at Room 2701-2, 27/F., Dah Sing Financial Centre, No.108 Gloucester Road, Wan Chai, Hong Kong (the "Placing Agent").

WHEREAS:

- (A) The Company has at the date of this Agreement an authorized share capital of HK\$50,000,000 divided into 5,000,000,000 Shares of which 594,151,515 Shares have been issued and are fully paid up or credited as fully paid up.
- (B) At the annual general meeting of the Company held on 28 September 2016, an ordinary resolution was passed pursuant to which a general mandate was unconditionally given to the directors of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company then existing, i.e. a total of 118,830,303 Shares. No new Shares were allotted and issued under the above general mandate since 28 September 2016.
- (C) All the issued Shares are listed on the GEM.
- (D) The Company proposes to offer for subscription and the Placing Agent has agreed to procure subscriptions for the Placing Shares on a best effort basis on the terms and subject to the condition hereinafter mentioned.
- (E) The Placing Shares will be issued pursuant to the general mandate given to the directors of the Company at the annual general meeting of the Company held on 28 September 2016.

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

- 1.1 In this Agreement (including the Recitals) the following expressions (except where the context otherwise requires) shall have the respective meanings set out below:

"Admission"	the granting by the Listing Committee or the Division of the listing of, and permission to deal in, all of the Placing Shares
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“Agreed Draft”	a document or agreement which is in form and substance reasonably satisfactory to the Company and the Placing Agent
“Announcement”	the announcement in the Agreed Draft and proposed to be issued by the Company as soon as practicable following the execution of this Agreement (subject to such amendments as may be required in response to the questions from the Stock Exchange)
“Board”	the board of directors of the Company
“Business Day”	any day (not being a Saturday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Completion”	completion of the Placing as provided in Clause 7
“Completion Date”	the date of Completion
“Division”	the Listing Division of the Stock Exchange
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate which was granted to the directors of the Company pursuant to an ordinary resolution passed at the Company’s annual general meeting on 28 September 2016 to issue and allot up to 118,830,303 Shares, representing 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing such resolution
“Group”	the Company and its subsidiaries

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing sub-committee appointed by the Stock Exchange for considering applications for the Admission
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations hereunder
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the condition set out in this Agreement
“Placing Letter”	the letter to be sent to the proposed Placee(s) in the Agreed Draft
“Placing Price”	the price of HK\$0.24 per Placing Share
“Placing Shares”	up to 118,800,000 new Shares to be allotted and issued under the General Mandate pursuant to the terms and condition of this Agreement which will rank pari passu in all respects with the Shares in issue as at the date of allotment of the Placing Shares
“SFC”	the Securities and Futures Commission of Hong Kong
“Shares”	ordinary shares of HK\$0.01 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

1.2 Words and expressions defined in the Companies Ordinance shall unless the context otherwise requires have the same meanings in this Agreement.

1.3 In this Agreement, including the Recitals:

- (1) references to recitals, clauses and paragraphs (other than to a schedule to a statutory provision) are to recitals, clauses and paragraphs of this Agreement;

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- (2) a reference to a statute or statutory provision includes a reference:
 - (a) to that statute or statutory provision as from time to time modified or re-enacted;
 - (b) to any repealed statute or statutory provision which it re-enacts (with or without modification); and
 - (c) to any subordinate legislation made under the relevant statute;
- (3) references to the singular include references to the plural and vice versa;
- (4) references to any gender include references to all genders;
- (5) references to persons include references to bodies corporate, unincorporated associations and partnerships; and
- (6) headings to clauses are for convenience only and do not affect interpretation of this Agreement.

2. APPOINTMENT OF THE PLACING AGENT

- 2.1 The Company hereby appoints the Placing Agent, upon and subject to the terms and conditions of this Agreement, as its placing agent to procure not less than six Placee(s) to subscribe for the Placing Shares at the Placing Price (together with brokerage (if any), such transaction levy as may be payable by the Placee(s) to the SFC and such trading fee as may be payable by the Placee(s) to the Stock Exchange) on a best effort basis. The Placing Shares shall be offered by way of Placing Letter by the Placing Agent to the Placee(s) (or on such other arrangement as may be agreed between the Placing Agent and the Company). The Placing Agent may in turn appoint its sub-placing agent(s) to procure the purchasers to subscribe for the Placing Shares.
- 2.2 The Placing Agent undertakes to the Company that it will:
 - (1) procure Placee(s) only in the course of communications with them over the telephone and without the despatch of documents until after legally binding commitments (which shall in all cases be conditional on the condition set out in Clause 3.1 of this Agreement to the extent that such condition has not been satisfied) to subscribe for the Placing Shares have been obtained from each Placee(s) in the course of such communications; and
 - (2) confine all statements it makes during the course of these communications strictly within the limits of the information contained in the Placing Letter and this Agreement.

3. CONDITION

- 3.1 The obligations of the Placing Agent under Clause 2 and the obligations of the Company under Clause 7 are conditional upon the Admission being obtained on or before 1 June 2017 or such later date as the parties hereto may agree in writing.

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- 3.2 Each of the Company and the Placing Agent shall use their respective best effort to procure the satisfaction of the condition set out in Clause 3.1 by the time stated therein or such later date as the parties hereto may agree in writing, but if the condition shall not be so satisfied, all obligations of the Placing Agent and of the Company hereunder (except Clause 11 which shall remain in full force and effect) shall cease and determine and none of the parties hereto shall have any claim against the other in relation thereto.

4. DELIVERY OF DOCUMENT

The Company shall as soon as practicable following execution of this Agreement deliver or procure to be delivered to the Placing Agent (to the extent that the Placing Agent has not already received the same) a certified copy of the minutes of the meeting of the Board at which resolutions were passed for approving and authorizing the application for the Admission, the publication of the Announcement and the execution and performance of this Agreement by the Company.

5. ANNOUNCEMENT

The Company shall release the Announcement for publication as soon as practicable after execution of this Agreement.

6. LISTING

The Company undertakes to the Placing Agent that it shall apply to the Listing Committee for the Admission and the Placing Agent agrees to sign any documents or take any action as may be required in connection with such application for the Admission.

7. COMPLETION

- 7.1 Completion shall take place at 4:00 p.m. at the office of the Placing Agent on the fifth Business Day after the fulfillment of the condition set out in Clause 3 (or such other time and date as the parties hereto may agree in writing).
- 7.2 As soon as practicable, the Placing Agent shall deliver to the Stock Exchange (and/or the SFC, if requested) details of the Placee(s) procured by it to subscribe for the Placing Shares including, inter alia, their names and addresses and the number of Placing Shares which they have respectively agreed to subscribe, and (if requested by the Stock Exchange and/or the SFC) together with acknowledgments signed by each of the Placees confirming, inter alia, that such Placee (and any of their nominees or beneficial owners) is independent of and not connected with the Company, any promoter(s), director(s), supervisor(s), chief executive(s), substantial shareholder(s) (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).
- 7.3 At Completion:

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- (1) the Placing Agent shall deliver to the Company or its nominee(s) by way of transfer immediately available cleared fund to an account of the Company maintained with the Placing Agent or as the Company may direct such sum equivalent to the aggregate amount payable for the total number of Placing Shares subscribed by the Placee(s) less all fees payable to the Placing Agent under Clause 10;
- (2) the Company shall allot and issue the Placing Shares to the Placee(s) and/or the Placing Agent in accordance with the details delivered by the Placing Agent to the Company pursuant to Clause 7.2 and shall promptly thereafter register such Placee(s) and/or the Placing Agent as holders of the Placing Shares; and
- (3) immediately following deposit of the sum into the account of the Company referred to in Clause 7.3(1)), the Company shall deliver or cause to be delivered to the Placing Agent the share certificates in respect of the Placing Shares placed by it in favour of the Placing Agent or persons so registered pursuant to Clause 7.3(2).

8. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to the Placing Agent that:

- (1) the Company is duly incorporated and is validly existing under the laws of Cayman Islands;
- (2) the entire issued share capital of the Company is listed on the GEM;
- (3) subject to the fulfillment of the condition set out in Clause 3.1, the Company has full power and authority to issue the Placing Shares;
- (4) subject to the fulfillment of the condition set out in Clause 3.1, the issue of the Placing Shares will not cause any breach of any agreement to which it is a party or by which it is bound and will not infringe or exceed any limits on, powers of, or restrictions on the terms of any contract, obligation or commitment of the Company, the effect of such breach is to materially and adversely affect the financial condition of the Group (taking as a whole);
- (5) with respect to all announcements, circulars, quarterly, interim and annual reports issued by the Company since the publication of the annual results of the Company for the year ended 31 March 2016 (together the "Previous Announcements"), all statements of fact contained therein were true, accurate and not misleading in any material respect and all expressions of opinion or intention contained therein were made on reasonable grounds after due and careful enquiries and were truly and honestly held by the directors of the Company and were fairly based and there were no other facts known to the directors of the Company the omission of which would make any such statement or expression in any of the Previous Announcements misleading in any material respect;

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- (6) save as disclosed in the Previous Announcements, the Company has not received any notice from the Stock Exchange, the SFC or other regulatory bodies alleging that it is in breach of any rules, regulations or requirements of the Stock Exchange, the SFC and such regulatory bodies and which would materially and adversely affect the financial condition of the Group (taken as a whole);
- (7) save as disclosed in the Previous Announcements or disclosed to the Placing Agent, the Group is not engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) is likely to have a significant effect on the financial or trading position of the Group (taken as a whole) and no such litigation, arbitration or proceeding are threatened in writing or pending;
- (8) the Placing Shares, when issued, will be fully paid up and will rank pari passu in all respects with the other Shares in issue as at the date of allotment and issue of the Placing Shares and the Placing Shares, when fully paid and issued, will be free from all liens, charges, encumbrances, claims, options or other third party rights together with all rights attaching thereto as at the date of allotment and issue of the Placing Shares;
- (9) the Company shall not, and shall procure that no member of the Group shall at any time prior to or on the Completion Date, do or omit to do anything which may cause any of the representations, warranties and undertakings set out in this Clause to be untrue in any material respect; and
- (10) the foregoing representations, warranties and undertakings shall be deemed to be repeated on the Completion Date as if given or made on such date, with reference in each case to the facts and circumstances then subsisting and shall remain in full force and effect notwithstanding Completion. The Company undertakes to notify the Placing Agent of any matter or event coming to its attention prior to the Completion Date which shows any of the representations, warranties and undertaking to be or to have been untrue, inaccurate or misleading in any material respect.

9. INDEMNITY

The Company undertakes to indemnify the Placing Agent, against all or any costs, expenses (including reasonable and proper legal fees), fees, claims, actions, liabilities, demands, proceedings or judgments (including, but not limited to, all such losses, costs, charges or expenses suffered or incurred in disputing or defending any proceedings and/or in establishing their rights to be indemnified pursuant to this Clause and/or in seeking advice in relation to any proceedings) brought or established against either of the Placing Agent by any Placee or by any governmental agency, regulatory body or other person:

- (1) arising out of or in connection with any breach of any of the warranties and representations contained in Clause 8; or

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(2) which are directly occasioned by or resulting from or attributable to the performance by the Placing Agent of its obligations under this Agreement,

and which does not in any such case arise from the Placing Agent's negligence, breach of this Agreement, fraud, gross negligence or willful default.

10. PLACING FEE

10.1 In consideration of the services of the Placing Agent in relation to the Placing and provided that completion of this Agreement occurs in accordance with Clause 7, the Company shall pay to the Placing Agent a commission of 3 per cent (3%) of the aggregate Placing Price of the Placing Shares placed by the Placing Agent on behalf of the Company in pursuance of its obligations herein which the Placing Agent is hereby authorized to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 7.3(1).

10.2 In addition to the placing commission referred to in Clause 10.1:

(1) the Company shall pay all fees payable to the Stock Exchange arising from the creation and issuance of the Placing Shares in accordance with the terms of this Agreement, any and all fees payable to the SFC, and all charges, fees and expenses of the Company's share registrar including (without limitation) their fees and expenses in allotting and issuing the Placing Shares, and the issuance of definitive share certificates therefor, to the Placee(s) or, where applicable, the Placing Agent or its nominees, all of which amounts the Placing Agent is hereby authorized to deduct from the payment to be made by it to the Company pursuant to this Agreement; and

(2) the Company shall bear all costs and expenses of the Placing Agent's legal and other professional advisers and all out-of-pocket expenses (including but not limited to fees charged by the SFC in respect of CCASS transactions) reasonably and properly incurred by the Placing Agent in relation to the Placing, which, if ascertained at Completion, the Placing Agent is hereby authorised to deduct from the payment to be made to the Company pursuant to this Agreement.

10.3 Without prejudice to the generality of Clause 10.2(1), the Company will be responsible to pay all costs and expenses (including legal expenses) incurred by it in connection with:

(1) the preparation and release of the Announcement and the negotiation, preparation and completion of this Agreement; and

(2) the issue of the Placing Shares (excluding any trading fee and transaction levy as may be payable by the Placee(s) to the Stock Exchange and the SFC respectively for the Placing Shares).

10.4 Payment of the amounts referred to in Clause 10.2(2) to the extent they have been reasonably and properly incurred, shall be made by the Company to the Placing Agent whether or not Completion takes place.

11. OTHER ANNOUNCEMENT OR COMMUNICATION

Subject to any requirements of the Stock Exchange or other regulatory authorities, none of the parties hereto shall, directly or indirectly, make any announcement or communication other than the Announcement in relation to this Agreement or any matter ancillary thereto without the prior written consent of the other (such consent not to be unreasonably withheld or delayed).

12. REPRESENTATION, WARRANTIES AND UNDERTAKINGS BY THE PLACING AGENT

12.1 The Placing Agent represents, warrants and undertakes to the Company that:

- (1) in each jurisdiction in which the Placing Agent solicits subscription for the Placing Shares the Placing Agent will do so in accordance with all relevant laws or regulations in force in such jurisdiction. The Placing Shares shall not be offered to or placed in circumstances which would constitute an offer to the public in Hong Kong within the meanings of the Companies Ordinance or in any other place or in any manner in which the securities laws or regulations of any place may be infringed and the Placing Agent has not distributed and shall not distribute any prospectus, invitation, advertisement or any other document in any jurisdiction other than only in compliance with all applicable laws and regulations of that jurisdiction;
- (2) to the best knowledge, information and belief of the Placing Agent (after due and careful enquiries), the Placee(s) and their respective ultimate beneficial owners will be third party(ies) independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules);
- (3) to the best knowledge, information and belief of the Placing Agent (after due and careful enquiries), none of the Placees and their respective ultimate beneficial owners would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) of the Company;
- (4) the Placing Agent will make available and promptly supply, or procure the relevant Placee(s) to make available and promptly supply, to the Stock Exchange and the SFC or any other regulatory authority all information in relation to the Placee(s) which may be required by the Stock Exchange, the SFC and/or any other regulatory authority;
- (5) the Placing Agent will ensure the fulfillment and compliance of all applicable rules and regulations of the Stock Exchange in relation to its role as placing agent for the Placing, and, if required, will issue appropriate written confirmation of such fulfillment and compliance;

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- (6) it is duly incorporated in Hong Kong and a licensed corporation to carry out Type 1 and Type 6 regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); and
- (7) this Agreement when executed constitutes legally binding obligations.

13. **FORCE MAJEURE**

13.1 The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate this Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in this Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the Previous Announcements has become or been discovered to be untrue, incorrect or misleading in any material respect which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

13.2 The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate this Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in this Agreement and such breach is considered by the Company on reasonable grounds to be material.

13.3 Upon termination or lapse of this Agreement pursuant to this Clause 13 and Clause 3.2 respectively, all liabilities of the parties hereto hereunder shall cease and determine and no party hereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with this Agreement save in respect of any antecedent breach of any obligation under this Agreement. For the avoidance of doubt, Clause 11 shall remain in full force and effect notwithstanding the termination of this Agreement.

14. **GENERAL PROVISIONS RELATING TO AGREEMENT**

14.1 Any date or period in this Agreement may be changed by written agreement of the parties but as regards any date or period (whether or not amended or changed as aforesaid) in this Agreement, time shall be of the essence.

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- 14.2 Each of the parties hereto undertakes to the other to execute all such documents and to do or procure to be done all such other acts and things as may be necessary to give the other party the full benefit of this Agreement.
- 14.3 This Agreement shall be binding on and enure for the benefit of the successors of the parties but assignment may only be made after prior written consent of the other party has been given.
- 14.4 Any right or remedy conferred on any party for breach of this Agreement (including the breach of any representations and warranties) shall be in addition and without prejudice to all other rights and remedies available to it in respect of that breach and the exercise of or failure to exercise any right or remedy in respect of such breach shall not, save as provided herein, constitute a waiver by such party of any other right or remedy it may have in respect of that breach.
- 14.5 Any provision of this Agreement which is capable of being performed after Completion but which has not been performed at or before Completion and all the representations and warranties contained in this Agreement shall remain in full force and effect notwithstanding Completion.
- 14.6 This Agreement constitutes the entire agreement between the parties hereto with respect to its subject matter (no party having relied on any representation or warranty made by the other party with respect thereto which is not contained in this Agreement) and this Agreement supersedes all and any previous agreements, arrangements or understandings between the parties hereto relating to the matters referred to in this Agreement and all such previous agreements, arrangements or understandings (if any) shall cease and determine with effect from the date hereof.
- 14.7 No variation of this Agreement shall be effective unless made in writing and signed by each of the parties hereto.
- 14.8 If at any time any provision of this Agreement is or becomes illegal, void or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.
- 14.9 This Agreement may be executed by the parties hereto in any number of counterparts and on separate counterparts, each of which when so executed shall be deemed an original but all of which shall constitute one and the same instrument and be binding on all parties. Any party executing this Agreement on a facsimile copy counterpart shall deliver the original of the counterpart to another party within two days after the same was sent by facsimile.

15. NOTICES

- 15.1 All notices delivered hereunder shall be in writing and shall be delivered by hand or despatched by first class post or (in the case of notices given to the Company (Fax No.: (852) 3970 4065) or to the Placing Agent (Fax No.: (852) 3620 3890) by facsimile, to the following addresses: if to the Company, to its address set out herein marked for the attention of the board of directors of the Company and if to the Placing Agent to its address set out herein marked for the attention of Mr. Dominic Chu Sung

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Hei or such other address or marked for the attention of such other person as the Placing Agent may from time to time notify in writing to the Company.

- 15.2 Any such notice shall take effect in the case of delivery by hand upon delivery, in the case of despatch by post 24 hours after posting, and in the case of facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient specified in Clause 15.1.

16. GOVERNING LAW, JURISDICTION AND SERVICE OF PROCESS

- 16.1 This Agreement shall be governed by, and construed in accordance with, the laws of Hong Kong.
- 16.2 Each party hereto irrevocably agrees that the courts of Hong Kong (the "Courts") shall have non-exclusive jurisdiction in relation to any claim, dispute or difference concerning this Agreement and any matter arising therefrom.
- 16.3 Each party hereto irrevocably waives any right that it may have to object to an action being brought in those Courts, to claim that the action has been brought in an inconvenient forum, or to claim that those Courts do not have jurisdiction.
- 16.4 Each party hereto agrees that without preventing any other mode of service, any document in an action (including, but not limited to, any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of notices under Clause 15 and each party hereto undertakes to maintain such an address at all times in Hong Kong and to notify the other party in advance of any change from time to time of the details of such address in accordance with the manner prescribed for service of notice under Clause 15.

