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Kong Shum Union Property Management (Holding) Limited
港深聯合物業管理（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

**DISCLOSEABLE TRANSACTION IN RELATION TO THE
PROPOSED ACQUISITION OF THE CONVERTIBLE NOTES**

Financial adviser to the Company



THE ACQUISITION

The Board is pleased to announce that on 14 July 2017 (after trading hours of the Stock Exchange), the Seller and the Buyer, a wholly-owned subsidiary of the Company, entered into the Agreement in relation to the Acquisition.

Subject to the satisfaction (or waiver) of the conditions precedent as set out in the Agreement, the Buyer conditionally agrees to acquire the Convertible Notes from the Seller at the total consideration of AUD6,000,000. Further, the Buyer agrees to pay to the Seller the accrued interest of the Convertible Notes from 1 April 2017 and up to the Completion Date (both dates inclusive) to be calculated pursuant to the interest rate of 10% per annum in accordance with terms of the CN Deed. This interest amount shall be settled in HK\$ and shall be paid to the Seller in cash at Completion.

The Convertible Notes are issued by the Issuer, a public company limited by shares, incorporated and domiciled in Australia, with its issued shares being listed on the ASX. The Convertible Notes, which are unsecured and are not listed on any stock exchange, are for the principal amount of AUD6,000,000 with a maturity date on 1 March 2019.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios for the Acquisition under the GEM Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements thereunder.

THE AGREEMENT

Date: 14 July 2017

Parties: (i) The Seller; and
(ii) The Buyer

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

ASSETS TO BE ACQUIRED

Subject to the satisfaction (or waiver) of the conditions precedent as set out below, the Buyer conditionally agrees to acquire the Convertible Notes from the Seller.

Principal terms of the Convertible Notes are set out below:

Issuer	The Issuer
Principal amount	AUD6,000,000
Date of issue	2 April 2015 (as amended and/or restated on 30 March 2017 and 13 June 2017 respectively)
Maturity date	1 March 2019
Interest	(i) 5% per annum from the period commenced on the date of issue of the Convertible Notes and ended on the second anniversary from the date of issue of the Convertible Notes (" Initial Period ") (both dates inclusive) (the " Initial Period Interest "); and

Note: the Initial Period Interest amounting to approximately AUD595,000 has been paid by the Issuer to the Seller, being the original holder of the Convertible Notes.

(ii) 10% per annum for the period subsequent to the Initial Period and ending on the Maturity Date.

Default interest	If the Issuer fails to pay interest or principal on the due date for payment, the Issuer shall pay interest on the unpaid amount at the applicable interest rate plus 2% per annum calculated on a daily basis.
Participation	Holder of the Convertible Notes is not entitled to receive any dividend, return of capital or other distribution or benefit to which the holder of the shares of the Issuer would be entitled to participate before conversion of the Convertible Notes into shares of the Issuer.
Conversion	<p>At any time during the period of 30 days immediately before the Maturity Date, holder of the Convertible Notes is entitled to convert the whole principal amount of the Convertible Notes plus all outstanding accrued interest thereon:</p> <ul style="list-style-type: none"> (i) into shares of the Issuer at the initial conversion price of AUD0.28 per share of the Issuer (subject to adjustments on reorganisation of share capital of the Issuer and under the applicable laws); or (ii) as mutually agreed by the holder of the Convertible Notes and the Issuer, into shares of a subsidiary of the Issuer at the conversion price and the number of shares of such subsidiary to be agreed between the parties within 30 Business Days from the exercise of the conversion rights attaching to the Convertible Notes, failing which such conversion will be deemed to be a conversion of the shares of the Issuer as set out in (i) above. <p><i>Note:</i> Since the Initial Period Interest has been paid by the Issuer to the Seller, being the original holder of the Convertible Notes, any subsequent holder of the Convertible Notes is entitled to repay such amount to the Issuer so that such amount will also be converted into the shares of the Issuer or the shares of the subsidiary of the Issuer.</p>
Ranking of the conversion shares	Each conversion share shall rank equally in all respects with all ordinary shares in issue of the Issuer or its subsidiary (as the case maybe).
Redemption	Any Convertible Notes which have not been previously converted or redeemed will be redeemed by the Issuer on the Maturity Date.

Special rights

- (i) Any holder holding an equity interest of the Issuer that is equal to or greater than 10% of the issued capital of the Issuer shall have the right to nominate and retain one director of the Issuer for a maximum term permitted under applicable laws, regulations, ASX Listing Rules and the articles of association of the Issuer;
- (ii) Any holder of the Convertible Notes shall have the right to subscribe for up to 10% of the equity interest (or more as mutually agreed) in the Issuer on terms to be mutually agreed during the term of the CN Deed, provided the holder has converted all the Convertible Notes pursuant to its terms.

Events of default

Each of the following events is an event of default (“**Event of Default**”):

- (i) if any information disclosed by the Issuer during the due diligence exercise is untrue, incomplete, inaccurate or misleading in any material respect;
- (ii) if the Issuer makes default in the payment of any moneys in respect of the Convertible Notes and such default remains outstanding for a period of 20 Business Days after receiving written demand for payment from a holder;
- (iii) if the Issuer commits a breach of a covenant, condition or obligation imposed on it under the CN Deed and that breach has not been remedied within 20 Business Days of receiving notice of the breach from the holder requiring that breach to be remedied;
- (iv) if an order is made or a resolution is effectively passed for the winding up of the Issuer except for the purposes of a reconstruction or amalgamation with the prior written consent of the holder; and
- (v) if the Issuer enters liquidation.

If an Event of Default occurs, holder of the Convertible Notes may then or at any subsequent time by written notice to the Issuer requesting the Issuer to redeem the Convertible Notes and the Issuer must immediately pay the aggregate principal amount of the Convertible Notes together with any accrued but unpaid interest (if any) to the date of payment.

Adjustments	<p>(i) If a bonus shares allotment is made by the Issuer to its ordinary shareholders, at any time during the period between the date of issue of the Convertible Notes and the conversion date, and if the holder converts the Convertible Notes before the record date for a bonus issue, the Issuer will issue and allot to the holder: (a) such number of shares of the Issuer subject of the bonus share allotment; and (b) the number of shares so issued will be equal to the number of shares in the capital of the Issuer to which the holder of the Convertible Notes would have been entitled if the Convertible Notes had been converted immediately prior to the making of the bonus shares allotment;</p> <p>(ii) If there is a reorganisation (including consolidation, subdivision, reduction or return but excluding new issues) of the issued share capital of the Issuer before the Maturity Date, the number of ordinary shares issued under the CN Deed to the holder must be adjusted in the same proportion as the issued capital of the Issuer is reorganised and in a manner which will not result in any additional benefits being conferred on the holder which are not conferred on the ordinary shareholders of the Issuer, and vice versa.</p>
Transferability	The Convertible Notes are transferable by the holder in whole subject to compliance with the terms of the CN Deed and applicable rules and regulations of the ASX.
Status	The Convertible Notes are unsecured and are not listed on any stock exchange.

CONSIDERATION

The total consideration payable by the Buyer to the Seller of the Convertible Notes is HK\$36,000,000 (equivalent to AUD6,000,000, being the face value of the aggregate principal amount of the Convertible Notes).

The Consideration shall be settled and paid by the Buyer to the Seller in Hong Kong dollars (using an agreed exchange rate of AUD1 = HK\$6) in the manner as follows:

- (a) pay the Deposit within two Business Days after signing of the Agreement, and the Deposit shall be used to settle part of the Consideration on a dollar-to-dollar basis at Completion; and
- (b) at the absolute discretion of the Buyer, issue the Promissory Note or pay in cash or a combination of both the remaining amount of the Consideration at Completion.

The Deposit (being HK\$3,600,000) is interest free and unsecured. The Deposit shall be returned to the Buyer by the Seller in cash without any set-off, withholding or counterclaim within two Business Days if the Agreement is terminated for whatever reason.

Further, the Buyer agrees to pay to the Seller the accrued interest of the Convertible Notes from 1 April 2017 and up to the Completion Date (both dates inclusive) to be calculated pursuant to the interest rate of 10% per annum in accordance with terms of the CN Deed. This interest amount shall be settled in HK\$ with the same exchange rate as set out above and shall be paid to the Seller in cash at Completion.

The Board considers that the total consideration is fair and reasonable taking into account that consideration is at the face value of the principal amount of the Convertible Notes where it still has more than one year before maturity and the Company will receive interest at the rate of 10% per annum and issued by a company listed on the ASX. Furthermore, the Company may exercise the conversion rights before the Maturity Date.

CONDITIONS PRECEDENT

Completion is conditional upon the following conditions precedent being satisfied (or waived by the Buyer, as the case maybe) on or before 4:00 p.m. on the Long Stop Date:

- (a) the Seller, the Buyer and the Issuer having entered into the Deed of Assignment and the Issuer and/or the ASX having approved the transfer of the Notes pursuant to the terms of the Agreement; and
- (b) the seller's warranties remaining true and accurate in all respects and not misleading in any respect as at Completion.

Condition (a) above is not waivable. If any of the above conditions precedent have not been satisfied or waived by the Buyer (as the case may be) or have not been satisfied by 4:00 p.m. on the Long Stop Date, the Seller shall within two Business Days return the Deposit in cash without any set-off, withholding or counterclaim to the Buyer, and the Agreement shall automatically be terminated with immediate effect.

COMPLETION

Upon Completion, the Buyer shall become the sole registered owner of the Convertible Notes free from all encumbrances.

PROMISSORY NOTE

If the Buyer elects, the Buyer shall issue the Promissory Note to the Seller at Completion to settle whole or part of the remaining balance of the Consideration. Principal terms of the Promissory Note are set out below:

Issuer	The Buyer
The Promissory Note holder	The Seller
Principal Amount	Up to HK\$32,400,000
Date of issue	the Completion Date
Maturity date	the date immediately following the end of the 18th months from the date of issue of the Promissory Note
Interest	nil
Transferability	non-transferrable
Security	the obligation of the Buyer under the Promissory Note is unsecured
Early redemption	the Buyer may redeem the whole of the Promissory Note by giving not less than one month prior written notice to the Seller prior to the maturity date of the Promissory Note

INFORMATION OF THE SELLER

The Seller is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

INFORMATION OF THE ISSUER

Based on public information available, the Issuer is a company limited by shares, incorporated and domiciled in Australia, with its issued shares being listed on the ASX. The Issuer was formed in 2005 as a Sino-Australia investment house with a focus on identifying investment opportunities in Australia and connecting those opportunities to selected contracts in China.

The Issuer has been developing one of its resort and gaming projects in the Gold Coast region of Australia and the Convertible Notes were originally issued to the Seller for funding of such project.

The following consolidated financial information is extracted from the annual report of the Issuer for the year ended 30 June 2016:

	2016	2015
	<i>AUD'000</i>	<i>AUD'000</i>
Revenue	1,119	639
Loss before income tax expense	(15,629)	(14,842)
Loss after income tax expense	(15,629)	(14,842)
Total assets	30,582	35,070

Further, as at 28 June 2017, the Issuer had 678,517,825 ordinary shares which were in issue and were fully paid. Based on the initial conversion price of AUD0.28 (subject to adjustments on reorganisation of share capital of the Issuer and under the applicable Laws) per conversion share of the Issuer, upon exercise of the conversion rights of the whole principal amount of the Convertible Notes and the accrued interests (and assuming no further change of the issued share capital of the Issuer), it is expected that approximately 27,839,528 new shares of the Issuer will be issued to the Buyer, representing about 4.1% of the existing issued shares of the Issuer and about 3.9% of the enlarged issued shares of the Issuer.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Issuer is a third party independent of the Company and its connected person.

INFORMATION OF THE GROUP

The Buyer is a company incorporated in the British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. The Company is an investment holding company. The Group is principally engaged in provision of property management services in Hong Kong primarily targeting residential properties, properties investments and provision of money lending business.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company has been exploring new markets and investment opportunities in order to diversify its business portfolio and revenue sources and to capture new business opportunities which may create added value to the Shareholders.

The Board considers that the Acquisition could serve multiple purposes and benefit the Company and its shareholders as a whole. At a minimum, the Company will be able to receive a fixed rate of return under the Convertible Notes. In addition, given the business of the Issuer, the Company may be able to benefit from their business development by converting either into the shares of the Issuer, or, subject to successful negotiation with the Issuer, to invest or cooperate with the Issuer or its subsidiaries for future development projects, which included but not limited to resorts development project in a new market. As at the date of this announcement, no such development project opportunities have arose yet.

Therefore, the Directors consider that the terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiation and are fair and reasonable and is in the interest of the Company and its shareholders as a whole.

The Board noted that if the Company converted the Convertible Notes into the shares of a subsidiary of the Issuer, such conversion may constitute a notifiable transaction under Chapter 19 of the GEM Listing Rules, and the Company will comply with the requirements of the GEM Listing Rules then and where applicable, publish further announcements.

GEM LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios for the Acquisition under the GEM Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements thereunder.

The Agreement is conditional upon the satisfaction or waiver of (as the case may be) certain conditions precedent, and the Acquisition may or may not proceed to Completion. Investors and shareholders of the Company are advised to exercise caution in dealing in the Company's securities.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise.

“Acquisition”	the acquisition of the Convertible Notes pursuant to the terms of the Agreement;
“Agreement”	the agreement entered into between the Seller and the Buyer dated 14 July 2017 in relation to the Acquisition;
“ASX”	the Australian Stock Exchange Limited (CAN 008 624 691);
“AUD”	means Australian dollars, the lawful currency of Australia;
“Board”	the board of Directors;
“Business Day(s)”	means any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are open for the transaction of normal business;
“Buyer”	Lucky Stone Investments Limited, a company incorporated with limited liability in the British Virgin Islands and is a wholly-owned subsidiary of the Company;

“CN Deed”	the deed of convertible note entered into between the Seller and the Issuer dated 2 April 2015 (as amended and/or restated on 30 March 2017 and 13 June 2017 respectively);
“Company”	Kong Shum Union Property Management (Holdings) Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued ordinary shares of which are listed on GEM;
“Completion”	means completion of the sale and purchase of the Convertible Notes in accordance with the Agreement;
“Completion Date”	means the date which is within three Business Days after the date (not being later than the Long Stop Date) on which the last of the conditions precedent is satisfied (and shall continue to be satisfied up to Completion) or waived or such other date the Buyer and the Seller may agree in writing;
“Consideration”	means HK\$36,000,000, being the total consideration for the purchase of the Convertible Notes;
“Convertible Notes”	means the total principal amount of AUD6,000,000 subscribed by the Seller and issued by the Issuer pursuant to the CN Deed;
“Deed of Assignment”	means the Deed of Assignment, Variation and Restatement Convertible Note Deed to be entered into between the Seller, the Buyer and the Issuer to assign the right, title and interest in the Convertible Notes to the Buyer;
“Deposit”	means the refundable deposit of HK\$3,600,000;
“Directors”	the directors of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	means the Rules Governing the Listing of Securities on GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;

“Issuer”	ASF Group Limited (ACN 008 924 570), a public company limited by shares, incorporated and domiciled in Australia, with its issued shares being listed on the ASX;
“Long Stop Date”	means 90 days after the date of the Agreement or such other date as the Buyer may determine and notify the Seller;
“Maturity Date”	means the maturity date of the Convertible Notes;
“Promissory Note”	means a promissory note which, if the Buyer elects to issue pursuant to the terms of the Agreement, is interest free, unsecured, non-transferrable and due 18 months from its issue date to be issued by the Buyer to the Seller at Completion to settle part of the Consideration;
“Seller”	Oceanic Alliance Investments Limited, a company incorporated with limited liability in the British Virgin Islands; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
Kong Shum Union Property Management (Holding) Limited
Eric Todd
Chairman

Hong Kong, 14 July 2017

As at the date hereof, the executive Directors are Mr. Eric Todd (Chairman), Mr. Lee Chin Ching, Cyrix and Mr. Ho Ying Choi and the independent non-executive Directors are Mr. Tso Siu Lun, Alan, Mr. Lam Kai Yeung and Mr. Lo Chi Ho, Richard.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.

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.