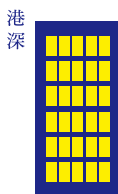


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Kong Shum Union Property Management (Holding) Limited
港深聯合物業管理（控股）有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8181)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO
THE ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2017**

SUPPLEMENTAL INFORMATION IN RELATION TO THE ANNUAL REPORT

Reference is made to the annual report (the “**Annual Report**”) of Kong Shum Union Property Management (Holding) Limited (the “**Company**”) for the year ended 31 March 2017 published on 28 June 2017 and the announcements (the “**Announcements**”) of the Company dated 11 May 2015, 22 June 2015 and 3 July 2015 in relation to, among others, a discloseable transaction in relation to the subscription for shares in All Profit Alliance Limited (“**All Profit**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the Company, Capital Creation and All Profit entered into the Subscription and Shareholders’ Agreement (the “**Agreement**”) on 21 June 2015 pursuant to which the Company subscribed 10% of the issued share capital of All Profit at the Subscription Price of HK\$13 million. Under the Agreement, All Profit guaranteed to the Company that the net profit of All Profit after tax (the “**2016 After-Tax Profit**”) for the period from 20 March 2015 (date of incorporation of All Profit) to 30 June 2016 (the “**Initial Guarantee Period**”) shall not be less than HK\$10 million (the “**Guaranteed Profit Amount**”). If the 2016 After-Tax Profit of All Profit falls below the Guaranteed Profit Amount, All Profit shall allot and issue to the Company such number of new All Profit Shares representing 10% of the then issued share capital of All Profit enlarged by the allotment and issue of such new All Profit Shares and the Guarantee Profit Amount shall be extended for a further 12 months to the year ended 30 June 2017 (the “**Extended Guarantee Period**”) in the same guaranteed amount (the “**Extended Profit Guarantee**”). If the net profit of All Profit after tax for the year ended 30 June 2017 (the “**2017 After-Tax Profit**”) is less than

that Extended Profit Guarantee, All Profit shall compensate the Company for the shortfall (the “**Compensation**”) calculated as follows:

The difference between the 2017 After-Tax Profit and the Extended Profit Guarantee $\times 13 \times 20\%$

For the avoidance of doubt, if the 2017 After-Tax Profit is zero or a negative amount, the formula (HK\$10,000,000 $\times 13 \times 20\%$) will be adopted in calculating the amount of the Compensation. Notwithstanding the above, the Company shall have the right to request All Profit to issue and allot to the Company such number of additional new All Profit Shares representing 5% of the then issued share capital of All Profit as enlarged by the allotment and issue of such new All Profit Shares in lieu of the Compensation.

As disclosed in the Annual Report (note 24 to the consolidated financial statements), the Group’s investment in All Profit was recorded as “Equity investment of fair value through other comprehensive income”. Based on the information then available to the Group at the time of preparing the annual results of the Group, the fair value of the Group’s investment in All Profit was reduced from HK\$13 million to approximately HK\$4.3 million as at 31 March 2016, and further to nil as at 31 March 2017, as stated in the Annual Report. The Group also recorded loss on equity investment at fair value through other comprehensive income of approximately HK\$8.7 million for the year ended 31 March 2016 and approximately HK\$4.3 million for the year ended 31 March 2017. Such amounts were recorded in the Group’s other comprehensive income, net of tax, and are items that will not be reclassified to profit or loss, as stated in the Annual Report (consolidated statement of profit or loss and other comprehensive income).

In addition to the information provided in the Annual Report, the Company would like to inform the shareholders (the “**Shareholders**”) and potential investors of the Company of the followings:

As advised by All Profit, based on the audited financial statements of All Profit for the year ended 30 June 2017, it recorded an audited net loss of approximately HK\$7.3 million for the year ended 30 June 2017 and approximately HK\$3.9 million for the period from 20 March 2015 (date of incorporation) to 30 June 2016, respectively. Accordingly, the profit guarantee for both the Initial Guarantee Period and the Extended Guarantee Period are not met. The aforesaid audited financial statements of All Profit for the year ended 30 June 2017 were issued in late 2017.

Pursuant to the Agreement, the Company has demanded (i) the additional All Profit Shares, representing 10% of the then issued share capital of All Profit, to be allotted and issued to the Company as a result of All Profit failing to meet the profit guarantee for the Initial Guarantee Period such that the Company will be interested in approximately 20% of the issued share capital in All Profit; and (ii) the Compensation of HK\$26 million calculated based on the abovementioned formula (i.e. HK\$10,000,000 $\times 13 \times 20\%$) from All Profit as a result of All Profit failing to meet the profit guarantee for the Extended Guarantee Period. All Profit has confirmed to the Company that allotment and issue of the additional All Profit Shares was completed on 26 January 2018 and the Compensation will be fully settled on or before 31 December 2018.

The Company confirms that the disclosures in this announcement will not affect other information set out in the Annual Report. Further material update in this respect, if any, will be disclosed in further announcement(s) and the next annual report.

INDEPENDENT FINANCIAL ADVISER'S VIEW ON THE SUPPLEMENTAL INFORMATION IN THIS ANNOUNCEMENT

Reference is further made to the composite offer and response document dated 24 January 2018 (the “**Composite Document**”) jointly issued by Heng Sheng Capital Limited and the Company containing, among others, the opinion of Euto Capital on the terms of the conditional mandatory cash offers. Unless otherwise defined in this announcement, capitalised terms used in paragraphs below shall have the same meanings as those defined in the Composite Document.

Euto Capital, has reviewed the supplemental information mentioned above in this announcement (together with other public information stated in the Annual Report) and considers that

- (i) All Profit was loss-making during both the Initial Guarantee Period and Extended Guarantee Period based on the audited financial statements of All Profit for the relevant periods;
- (ii) the value of the Group's investment in All Profit as at 31 March 2017 has been reduced to zero and the audited net asset value of All Profit as at 30 June 2017 merely represents approximately 1% of the Company's unaudited net asset value as at 30 September 2017;
- (iii) although the Company is interested in approximately 20% of the issued share capital of All Profit after the said additional All Profit Shares have been allotted and issued to the Company on 26 January 2018 and All Profit will be treated as an associate of the Company under applicable accounting standards, the impact to the Company's profit or loss and net asset value is immaterial given the value of the Group's investment in All Profit has been fully impaired; and
- (iv) unless All Profit can achieve a substantial turnaround in business and performance in 2018, there is uncertainty as to whether the Company could recover the Compensation in full within the payment period, i.e. on or before 31 December 2018 and as such Euto Capital does not consider that All Profit's confirmation on payment of the Compensation would materially affect the current valuation of the Company, the Shares and/or the Share Options.

Based on the above, Euto Capital confirms that there will not be any change in their opinion and recommendation to the Independent Board Committee, the Independent Shareholders and the Optionholders in respect of the Offers as set out in the “Letter from Euto Capital” in the Composite Document.

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

Hong Kong, 30 January 2018

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

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the Company’s website at www.kongshum.com.hk.