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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)

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO A PROPOSED ACQUISITION**

This announcement is made by Kong Shum Union Property Management (Holding) Limited (the “**Company**”) pursuant to Rule 17.10(2)(a) of the Rules Governing the Listing of Securities (“**GEM Listing Rules**”) on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the Inside Information Provisions (as defined under the GEM Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

MEMORANDUM OF UNDERSTANDING

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 20 January 2017 (after trading hours of the Stock Exchange), the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with a potential vendor (the “**Potential Vendor**”). Pursuant to the MOU, the Company intends to acquire, and the Potential Vendor intends to dispose of, the entire issued share capital in a company (the “**Target Company**”) incorporated in the British Virgin Islands with limited liability (the “**Proposed Acquisition**”). As at the date of the MOU, the Potential Vendor holds the entire issued share capital of the Target Company.

INFORMATION ABOUT THE TARGET COMPANY

The Target Company and its subsidiaries (collectively, the “**Target Group**”) is currently licensed to carry on Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO. The Target Group also holds a money lender’s license under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

In addition, the Target Group has recently submitted an application to the Securities and Futures Commission of Hong Kong (“**SFC**”) for approval of the addition of Type 9 (asset management) regulated activity. The approval of such licensing application, however, is not

intended to be a condition precedent to completion of the Proposed Acquisition (the “**Completion**”) and there is no guarantee that the approval of such licensing application can be obtained from SFC.

Principal Terms of the MOU

Date

20 January 2017

Parties

- (i) The Company; and
- (ii) the Potential Vendor.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Potential Vendor is a third party independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Assets to be acquired

Under the MOU, it is proposed that the Company will acquire, and the Potential Vendor will dispose of, the entire issued share capital in the Target Company.

Consideration

The consideration for the Proposed Acquisition and the manner of payment shall be further negotiated between the Company and the Potential Vendor and be determined in the Formal Agreement (as defined below).

Due diligence review

Pursuant to the MOU, in a 90-day period after the date of execution of the MOU (or such longer period as the Company and the Potential Vendor may mutually agree), the Company and its advisers and/or agents may conduct due diligence review (the “**Due Diligence Review**”) on, including but without limitation, the assets, liabilities, business, operations, affairs and subsisting status of the Target Group. The Potential Vendor shall provide and shall use their best endeavours to procure the Target Group and its agent to provide such assistance and information as is necessary for the Company to complete the Due Diligence Review on the Target Group.

Conditions precedent

Pursuant to the MOU, Completion shall be conditional on conditions which are customary in similar types of transactions, including without limitation:

- (i) all necessary consents and approvals required to be obtained on the part of the Company and the Potential Vendor in respect of the Formal Agreement and the transactions contemplated thereunder having been obtained;
- (ii) if required, the passing by the shareholders of the Company (the “**Shareholders**”) at an extraordinary general meeting to be convened and held of necessary resolution(s) to approve the Formal Agreement and the transactions contemplated thereunder;
- (iii) the Company being satisfied with the results of the Due Diligence Review on the Target Group;
- (iv) no material adverse change to the financial position or the affairs of the Target Group having occurred since the date of the MOU and since the signing of the Formal Agreement; and
- (v) the representations and warranties to be provided by the Potential Vendor under the Formal Agreement remaining true, accurate, and complete in all material respects and not misleading as at Completion.

Exclusivity

In consideration of the expenses to be incurred by the Company in the negotiation of the MOU and in conducting the Due Diligence Review, in a 90-day period after the date of execution of the MOU (or such other period as may be agreed between the Company and the Potential Vendor in writing) (the “**Exclusivity Period**”), the Company shall have exclusive right to negotiate with the Potential Vendor in relation to the terms of the Proposed Acquisition. During the Exclusivity Period, the Potential Vendor shall not, and shall procure the members of the Target Group and its directors, officers, employees, representatives and agents not to, directly or indirectly (i) solicit, initiate or encourage inquiries or offers from, or (ii) initiate or continue negotiations or discussions with or furnish any information to, or (iii) enter into any agreement or statement of intent or understanding with, any person or entity other than the Company with respect to the sale or other disposition of the shares and/or business of members of the Target Group or the sale, subscription, or allotment of any part thereof or any other shares of members of the Target Group.

Formal Agreement

The Company and the Potential Vendor shall use their best endeavours to procure a legally binding formal agreement in relation to the Proposed Acquisition (the “**Formal Agreement**”) within the Exclusivity Period. The Company has the right to nominate one of its subsidiaries as the purchaser to enter into the Formal Agreement.

Termination

The MOU will be terminated at the earlier of:

- (i) the expiry of the Exclusivity Period; or
- (ii) the date of execution of the Formal Agreement.

Binding effect

Save for the provisions relating to the Due Diligence Review, exclusivity, confidentiality, termination, notices, costs, amendments, governing law and jurisdiction, the MOU does not constitute a legally binding agreement on the parties to the MOU.

REASONS AND BENEFITS OF THE PROPOSED ACQUISITION

The Company and its subsidiaries (the “**Group**”) are a property management services group principally engaged in the provision of property management services in Hong Kong primarily targeting residential properties.

As mentioned in the interim report of the Company for the six months ended 30 September 2016, the Group has been actively exploring other business opportunities in order to diversify the existing business of the Group and to explore new markets with significant growth potential. As disclosed in the announcement of the Company dated 20 December 2016, the Company has been exploring suitable opportunities to commence and develop business of provision of financial services in Hong Kong. By investing in the Target Company, it is expected that the Company can expand its business portfolio, diversify its revenue sources and capture new business opportunities which may create substantial value to the Shareholders.

The Directors consider that the terms of the MOU are fair and reasonable and that the Proposed Acquisition is in the interest of the Company and the Shareholders as a whole.

GENERAL

As at the date of this announcement, the terms and conditions of the Proposed Acquisition are still being negotiated and no legally binding agreement has been entered into. The Proposed Acquisition, if materialised, may constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcement(s) will be made by the Company as and when appropriate in compliance with the GEM Listing Rules.

As the Proposed Acquisition may or may not proceed, Shareholders and investors are reminded to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 20 January 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 at least 7 days from the date of its publication and on the website of the Company at www.kongshum.com.hk.