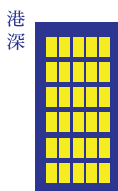


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Kong Shum Union Property Management (Holding) Limited
港深聯合物業管理(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8181)

(1) UPDATE ON THE PROPOSED OPEN OFFER; AND
(2) MEMORANDUM OF UNDERSTANDING IN RELATION TO
THE PROPOSED ACQUISITION

This announcement is made by Kong Shum Union Property Management (Holding) Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM**”) 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).

(1) UPDATE ON THE PROPOSED OPEN OFFER

Reference is made to the announcements of the Company dated 3 December 2015 (the “**Announcement**”) and 11 January 2016 in relation to, among other matters, the proposed open offer of the Company and the proposed change in board lot size for trading of the shares of the Company (the “**Change in Board Lot Size**”). Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

As disclosed in the Announcement, the Board intended to apply the net proceeds from the Open Offer to explore opportunities in the property development business so as to expand its source of revenue by further developing the value chain in the real estate sector and expanding into property development and as general working capital of the Group.

After considering the recent conditions of the property market, the Company has changed its business plan and intends to revise the use of proceeds from the Open Offer as previously disclosed in the Announcement. The Group is principally engaged in providing a wide range of property management services to its customers, which include security, repair and maintenance, cleaning, finance management, administrative and legal support. The Board intends to apply the net proceeds from the Open Offer (i) to further expand its existing property management business by acquiring small to medium scale property management companies or companies that provide property management related services; and (ii) as general working capital of the Group.

The Company has been identifying potential acquisition targets for expanding its property management business. As at the date of this announcement, save for the Target Company (as defined below) for which a memorandum of understanding was entered into by the Company and the Potential Vendors (as defined below) on 5 February 2016 (details of which are set out below), no letter of intent, agreement or similar arrangement has been entered into by the Company or its subsidiaries. In the event any acquisition becomes materialised, further announcement(s) will be made by the Company as and when appropriate in accordance with the GEM Listing Rules.

As disclosed in the announcement of the Company dated 11 January 2016, since the expected date of despatch of the Circular will be postponed, the timetable for the proposed Open Offer and the proposed Change in Board Lot Size will be revised accordingly. Further announcement will be made by the Company in relation to the revised timetable for the proposed Open Offer and the proposed Change in Board Lot Size as soon as practicable.

(2) MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 5 February 2016 (after trading hours), the Company, as potential purchaser, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with potential vendors (the “**Potential Vendors**”). Pursuant to the MOU, the Company intends to acquire, and the Potential Vendors intend to dispose of, the entire issued share capital in a company (the “**Target Company**”) that is principally engaged in the business of providing property cleaning services (the “**Proposed Acquisition**”). As at the date of the MOU, the Potential Vendors collectively hold the entire issued share capital in the Target Company.

Principal Terms of the MOU

Date

5 February 2016 (after trading hours)

Parties

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Potential Vendors and their ultimate beneficial owner(s) are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

Consideration

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

Due diligence review

Pursuant to the MOU, in the 45-day period after the date of execution of the MOU (or such other longer period as the Company and the Potential Vendors may mutually agree), the Company may conduct due diligence review on, including but without limitation, the assets, liabilities, business, operations and subsisting status of the Target Company. The Potential Vendors shall use its best endeavor to procure the Target Company and its agent to provide such assistance and information as is necessary for the Company to complete its due diligence review on the Target Company.

Exclusivity

During a period of 45 days after the date of the MOU (the "**Exclusivity Period**"), the Company shall have exclusive right to negotiate with the Potential Vendors in relation to the terms of the Proposed Acquisition. During the Exclusivity Period, the Potential Vendors shall not directly or indirectly negotiate or agree with any other party with respect to the disposal of their interests in the Target Company or any of its businesses.

Formal Agreement

Before the expiry of the Exclusivity Period (or such other date as the Company and the Potential Vendors may mutually agree), the Company and the Potential Vendors shall use their best endeavour to procure a legally binding formal agreement in relation to the Proposed Acquisition (the "**Formal Agreement**"). The Company has the right to nominate a company in the Group as the purchaser to enter into the Formal Agreement.

Termination

The MOU will be terminated at the earlier of:

- (1) the expiry of the Exclusivity Period; or
- (2) the date of execution of the Formal Agreement.

Binding effect

Save for the provisions relating to the due diligence review, exclusivity, confidentiality, termination, notices, binding effect and governing law and jurisdiction, the MOU does not constitute a legally binding agreement on the parties to the MOU.

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 Shares.

By Order of the Board
Kong Shum Union Property Management (Holding) Limited
Yan Chi Ming
Chairman

Hong Kong, 5 February 2016

As at the date of this announcement, the Executive Directors are Mr. Yan Chi Ming (Chairman), Mr. Ho Ying Choi and Ms. Wu Yilin; the Non-executive Directors are Mr. Shum Lok To and Mr. Wong Kui Shing, Danny; and the Independent Non-executive Directors are Mr. Bai Jin Rong, 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 Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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 <http://www.kongshum.com.hk>.