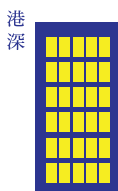


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*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities.*



**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) PROPOSED OPEN OFFER ON THE BASIS OF  
THREE OFFER SHARES FOR EVERY ONE SHARE  
HELD ON THE RECORD DATE; AND  
(2) PROPOSED CHANGE IN BOARD LOT SIZE**

Financial adviser to the Company



**KINGSTON CORPORATE FINANCE**

Underwriter to the Open Offer



**KINGSTON SECURITIES**

**PROPOSED OPEN OFFER**

The Company proposes to raise not less than approximately HK\$178.3 million and not more than approximately HK\$185.5 million (before expenses) by way of an open offer of not less than 1,485,454,545 Offer Shares and not more than 1,545,454,545 Offer Shares at a subscription price of HK\$0.12 per Offer Share on the basis of three (3) Offer Shares for every one (1) existing Share held on the Record Date.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 1,485,454,545 Offer Shares proposed to be allotted and issued represent approximately 300% of the Company's issued share capital as at the date of this announcement and approximately 75% of the Company's issued share capital as enlarged by the allotment and issue of the 1,485,454,545 Offer Shares immediately after completion of the Open Offer.

Assuming all the outstanding Share Options are exercised in full on or before the Record Date, the maximum number of 1,545,454,545 Offer Shares proposed to be allotted and issued represent approximately 312% of the Company's issued share capital as at the date of this announcement and approximately 75% of the Company's issued share capital as enlarged by the allotment and issue of 20,000,000 new Shares pursuant to the exercise of the subscription rights attached to the Share Options in full on or before the Record Date and the 1,545,454,545 Offer Shares immediately after completion of the Open Offer.

The estimated net proceeds from the Open Offer will not be less than approximately HK\$171.9 million and not more than approximately HK\$179.0 million. Currently, the Group is principally engaged in the provision of property management services. The Group plans to expand its source of revenue by further developing the value chain in the real estate sector and expanding into property development. The Board intends to apply the net proceeds from the Open Offer for exploring opportunities in the property development business and as general working capital of the Group.

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, the Shareholders must be registered as members of the Company on the Record Date and not be Excluded Shareholders. In order to be registered as a member of the Company on the Record Date, all transfer of Shares must be lodged for registration with the Company's branch share registrar in Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart, Wanchai, Hong Kong by 4:00 p.m. on Friday, 5 February 2016.

Holders of the Share Options who wish to participate in the Open Offer should exercise their Share Options in accordance with their respective terms and conditions and be registered as holders of the relevant Shares before Friday, 5 February 2016.

#### **LISTING RULES IMPLICATIONS**

In accordance with Rule 10.39 of the GEM Listing Rules, the Open Offer must be made conditional on approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Open Offer. As there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Open Offer according to Rule 10.39 of the GEM Listing Rules.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

The Board proposes, subject to the passing of all the necessary resolution(s) by the Independent Shareholders at the EGM to approve the Open Offer and the transactions contemplated thereunder, to change the board lot size for trading of the Shares from 8,000 Shares to 16,000 Shares with effect from 9:00 a.m. on Monday, 1 February 2016.

### **GENERAL**

An Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

### **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.**

**Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from 9:00 a.m. on Thursday, 4 February 2016 and that dealing in the Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer are subject are fulfilled (which is expected to be at 4:00 p.m. on Wednesday, 9 March 2016), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

## **PROPOSED OPEN OFFER**

### **Issue statistics**

Basis of the Open Offer: Three (3) Offer Shares for every one (1) Share held on the Record Date

Subscription Price: HK\$0.12 per Offer Share

Number of Shares in issue as at the date of this announcement:	495,151,515 Shares
Number of Offer Shares:	Not less than 1,485,454,545 Offer Shares and not more than 1,545,454,545 Offer Shares
	The aggregate nominal value of the Offer Shares will be not less than HK\$14,854,545.45 and not more than HK\$15,454,545.45
Number of Underwritten Shares:	All the Offer Shares, being not less than 1,485,454,545 Offer Shares and not more than 1,545,454,545 Offer Shares
Amount proposed to be raised:	Not less than approximately HK\$178,254,545.4 and not more than HK\$185,454,545.4 before expenses

As at the date of this announcement, the Company has outstanding Share Options which entitle holders thereof to subscribe for 20,000,000 Shares. As at date of this announcement, the Company has not received any notice from any holders of the outstanding Share Options of their intention to exercise or not to exercise any outstanding Share Options before the Record Date. Save as disclosed above, there are no outstanding options, warrants or securities convertible or exchangeable into Shares.

### **The Offer Shares**

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 1,485,454,545 Offer Shares proposed to be allotted and issued represent approximately 300% of the Company's issued share capital as at the date of this announcement and approximately 75% of the Company's issued share capital as enlarged by the allotment and issue of the 1,485,454,545 Offer Shares immediately after completion of the Open Offer.

Assuming all the outstanding Share Options are exercised in full on or before the Record Date, the maximum number of 1,545,454,545 Offer Shares proposed to be allotted and issued represent approximately 312% of the Company's issued share capital as at the date of this announcement and approximately 75% of the Company's issued share capital as enlarged by the allotment and issue of 20,000,000 new Shares pursuant to the exercise of the subscription rights attached to the Share Options in full on or before the Record Date and the 1,545,454,545 Offer Shares immediately after completion of the Open Offer.

## **Subscription Price**

The Subscription Price for the Offer Share is HK\$0.12 per Offer Share, payable fully in cash upon application by a Qualifying Shareholder. The Subscription Price of HK\$0.12 per Offer Share represents:

- (i) a discount of approximately 55.56% to the closing price of HK\$0.270 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 57.30% to the average closing price of HK\$0.281 per Share for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 60.66% to the average closing price of approximately HK\$0.305 per Share for the ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a discount of approximately 24.05% to the theoretical ex-entitlement price of approximately HK\$0.158 per Share based on the closing price as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, among other things, the recent market environment, the prevailing market price of the Shares. Each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company held on the Record Date.

The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser) consider the Subscription Price, which has been set as a discount as described above with an objective to encourage the existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Status of the Offer Shares**

The Offer Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the then Shares in issue on the date of allotment and issuance of the Offer Shares in fully paid form. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid on or after such date in respect thereof on or after the date of allotment and issuance of such Offer Shares.

## **Certificates for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer as set out in the section headed "Conditions of the Open Offer" below, share certificates for all fully-paid Offer Shares are expected to be posted on or before Friday, 11 March 2016 to those Qualifying Shareholders who have validly accepted and applied for (where appropriate), and paid for the Offer Shares, by ordinary post at their own risks.

## **Qualifying Shareholders**

The Open Offer is only available to the Qualifying Shareholders. To qualify for the Open Offer, the Shareholders must be registered as members of the Company on the Record Date and not be Excluded Shareholders. In order to be registered as a member of the Company on the Record Date, all transfer of Shares must be lodged for registration with the Company's branch share registrar in Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart, Wanchai, Hong Kong by 4:00 p.m. on Friday, 5 February 2016.

Holders of the Share Options who wish to participate in the Open Offer should exercise their Share Options in accordance with their respective terms and conditions and be registered as holders of the relevant Shares before Friday, 5 February 2016.

## **Rights of Excluded Shareholders**

The Prospectus Documents to be issued in connection with the Open Offer will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Board will make enquiries as to whether the issuance of Offer Shares to the Excluded Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange and details and results of such enquiries will be included in the Prospectus. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Excluded Shareholders, the Open Offer will not be extended to such Excluded Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only, but will not send the Application Forms and Excess Application Forms to the Excluded Shareholders.

## **Fractions of the Offer Shares**

Fractional entitlements of Offer Shares will not be allotted and issued. All Offer Shares arising from the aggregation of such fractional entitlements will be firstly taken up by the Qualifying Shareholders who have applied for the excess Offer Shares and then by the Underwriter if there is any excess Offer Shares which have not been taken up by the Qualifying Shareholders.

## **Application for excess Offer Shares**

Qualifying Shareholders are entitled to apply for entitlements of the Excluded Shareholders and any Offer Shares entitled and provisionally allotted but not accepted by the Qualifying Shareholders.

Application may be made by Qualifying Shareholders by completing the Excess Application Form and lodging the same with a separate remittance for the excess Offer Shares being applied for by no later than 4:00 p.m. on Thursday, 3 March 2016.

## **Basis of allocation of excess Offer Shares**

The Directors will allocate the excess Offer Shares at their discretion, but on a fair and equitable basis to Qualifying Shareholders who have applied for excess Offer Shares on a pro-rata basis with reference to the number of excess Offer Shares applied for but no preference will be made to Offer Shares comprised in applications by Application Form or the existing number of Shares held by the Qualifying Shareholders. No preference will be given to topping-up odd lots to whole board lots.

Any Untaken Shares will be taken up by the Underwriter or subscribers procured by the Underwriter in accordance with the Underwriting Agreement.

Shareholders with their Shares held by a nominee company (or which are deposited into the CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the above arrangement in relation to allocation of excess Offer Shares will not be extended to beneficial owners individually. The Shareholders with their Shares held by a nominee company (or which are deposited into CCASS) are advised to consult their professional advisers and/or consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date and/or apply for the excess Offer Shares themselves.

Shareholders whose Shares are held by their nominee(s) (or which are deposited into CCASS) and who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:00 p.m. on Friday, 5 February 2016 (the register of members of the Company will be closed from Thursday, 11 February 2016 to Wednesday, 17 February 2016) (both days inclusive).

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares in fully-paid form. The Offer Shares shall have the board lot size of 16,000 Shares per board lot.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

The Company has not received any information from any substantial shareholders (as defined in the GEM Listing Rules) of the Company of their intention in relation to the Offer Shares to be allotted to them under the Open Offer as at the date of this announcement.

## UNDERWRITING AGREEMENT

- Date: 3 December 2015
- Parties: (i) the Company; and  
(ii) Kingston Securities Limited
- Number of the Underwritten Shares: Not less than 1,485,454,545 Offer Shares and not more than 1,545,454,545 Offer Shares, which the Underwriter has agreed to underwrite
- Commission: 2.5% of the aggregate Subscription Price of the Underwritten Shares in respect of the maximum number of Underwritten Shares committed to be underwritten, subscribed for or procured subscription for respectively by the Underwriter

Pursuant to the Underwriting Agreement, the Underwriter has agreed to, *inter alia*:

- (i) subscribe and pay for, or procure subscription and payment of all the Underwritten Shares not taken by the Qualifying Shareholders, the maximum of which is 1,545,454,545 Offer Shares (assuming all outstanding Options having been fully exercised and no Share being repurchased by the Company on or before the Record Date);
- (ii) not to subscribe, for its own account, for such number of Untaken Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to exceed 19.9% of the voting rights of the Company upon the completion of the Open Offer, and will not trigger a mandatory offer obligation under Rule 26 of Takeovers Code on the part of the Underwriter in respect of performing the Underwriter's obligations;
- (iii) use its best endeavours to ensure that each of the subscribers of the Untaken Shares procured by it (1) shall be Independent Third Party; and (2) save for the Underwriter itself and its associates, it shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10.0% or more of voting rights of the Company upon completion of the Open Offer; and
- (iv) use all reasonable endeavours to procure that the minimum public float requirement under Rule 11.23(7) of the GEM Listing Rules be fulfilled by the Company upon completion of the Open Offer.

The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser) are of the opinion that the terms of the Underwriting Agreement are fair and reasonable as agreed between the Company and the Underwriter.



To the best of the Directors' knowledge, information and belief, the Underwriter and its associates are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules). Pursuant to the terms and conditions of the Underwriting Agreement, the Open Offer is fully underwritten by the Underwriter.

### **Termination of the Underwriting Agreement**

The Underwriter may by notice in writing to the Company served prior to the Latest Time for Termination, terminate the Underwriting Agreement, on any of the following grounds:

- (1) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (2) there is any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer;
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group;
- (4) there is any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out;

- (5) there is any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing;
- (6) there is any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Open Offer;
- (7) there is any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer;
- (8) there is any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise;
- (9) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement above comes to the knowledge of any of the Underwriter; or
- (10) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect.

In the event that the Underwriter terminate the Underwriting Agreement by notice in writing given to the Company on or before the Latest Time for Termination, all obligations of the Underwriter, and the Company under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of and in connection with the Underwriting Agreement except for any antecedent breach of any obligation under the Underwriting Agreement.

### **Conditions of the Open Offer**

The Open Offer is conditional upon the fulfillment of each of the following conditions on or before the Latest Time for Termination:

- (1) the passing of all the necessary resolution(s) by the Independent Shareholders at the EGM approving, confirming and ratifying (as appropriate) the Open Offer and the transactions contemplated thereunder and authorising the Directors to allot and issue the Offer Shares in accordance with the memorandum and articles of association of the Company and the GEM Listing Rules on or before the Record Date;
- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents

required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

- (3) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Open Offer on or before the Prospectus Posting Date;
- (4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Offer Shares by no later than the first day of their dealings;
- (5) the Underwriting Agreement is not being terminated by the Underwriter pursuant to the terms hereof at or before the Latest Time for Termination;
- (6) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement and the representations and warranties given by the Company under the Underwriting Agreement remaining true, correct and not misleading in all material respects;
- (7) there being no event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date thereof would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material aspect prior to the Latest Time for Termination; and
- (8) (if necessary) compliance with any other requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

Save as for Conditions (6), the conditions precedent are incapable of being waived. If the conditions precedent are not satisfied in whole or in part by the Company by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company as at the date of this announcement and after completion of the Open Offer (assuming no outstanding Share Options will be exercised from the date of this announcement to the Record Date) is set out below (for illustration purposes only):

	As at the date of this announcement		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders subscribed for their entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders subscribed for their entitlements under the Open Offer)	
	<i>No. of Shares</i>	<i>Approx %</i>	<i>No. of Shares</i>	<i>Approx %</i>	<i>No. of Shares</i>	<i>Approx %</i>
<b>Director</b>						
Ms. Lai Sze Yau, Vivien	112,000	0.02	448,000	0.02	112,000	0.01
<b>Other Shareholders</b>						
The Underwriter	—	—	—	—	1,485,454,545	75.00
Public Shareholders	<u>495,039,515</u>	<u>99.98</u>	<u>1,980,158,060</u>	<u>99.98</u>	<u>495,039,515</u>	<u>24.99</u>
Total	<u>495,151,515</u>	<u>100.00</u>	<u>1,980,606,060</u>	<u>100.00</u>	<u>1,980,606,060</u>	<u>100.00</u>

The shareholding structure of the Company as at the date of this announcement and after completion of the Open Offer (assuming all outstanding Share Options have been exercised from the date of this announcement to the Record Date) is set out below (for illustration purposes only):

	As at the date of this announcement		Immediately after completion of the Open Offer (assuming all Qualifying Shareholders subscribed for their entitlements under the Open Offer)		Immediately after completion of the Open Offer (assuming no Qualifying Shareholders subscribed for their entitlements under the Open Offer)	
	<i>No. of Shares</i>	<i>Approx %</i>	<i>No. of Shares</i>	<i>Approx %</i>	<i>No. of Shares</i>	<i>Approx %</i>
<b>Directors</b>						
Ms. Lai Sze Yau, Vivien	4,112,000	0.80	16,448,000	0.80	4,112,000	0.20
Mr. Shen Ka Yip, Timothy	4,000,000	0.78	16,000,000	0.78	4,000,000	0.19
<b>Other Shareholders</b>						
The Underwriter	—	—	—	—	1,545,454,545	75.00
Public Shareholders	<u>507,039,515</u>	<u>98.42</u>	<u>2,028,158,060</u>	<u>98.42</u>	<u>507,039,515</u>	<u>24.61</u>
Total	<u>515,151,515</u>	<u>100.00</u>	<u>2,060,606,060</u>	<u>100.00</u>	<u>2,060,606,060</u>	<u>100.00</u>

## FUND RAISING EXERCISE IN THE PAST 12 MONTHS

Date of announcement	Event	Nets proceeds	Intended use of proceeds	Actual use of proceeds
17 September 2015	Placing of new shares under general mandate	Approximately HK\$31.2 million	General working capital of the Group	Approximately HK\$1.1 million has been utilised as intended and the remaining balance was deposited at bank and reserved for the intended use
9 June 2015	Issue of convertible notes under general mandate	Approximately HK\$19.8 million	(i) Investing in project(s) related to the development of mobile application and two-way communication platform targeted for property management companies, incorporated owners, service providers for residential properties in Hong Kong and the residents therein; and (ii) general working capital of the Group	Approximately HK\$18.0 million has been used for investing in project(s) related to the development of mobile application and two-way communication platform and the remaining of approximately 1.8 million has been used for the general working capital of the Group

Save as disclosed in this paragraph, the Company had not conducted any fund raising exercise in the past 12 months immediately preceding the date of this announcement.

## REASONS FOR THE OPEN OFFER AND THE USE OF PROCEEDS

The Group is principally engaged in the provision of property management services in Hong Kong, primarily targeting residential properties.

Upon full subscription of the Offer Shares, the Company will raise approximately not less than HK\$178.3 million and not more than HK\$185.5 million, before deducting expenses, by way of Open Offer of not less than 1,485,454,545 and not more than 1,545,454,545 Offer Shares and the estimated net proceeds from the Open Offer will not be less than approximately HK\$171.9 million and not more than approximately HK\$179.0 million. The net price per Offer Share is approximately HK\$0.116.

The Group's net profit has been on a declining trend in the past few years. For the three years ended 31 March 2015, the Group reported profit attributable to owners of the Company of approximately HK\$5.57 million, HK\$5.03 million and HK\$4.97 million, respectively. Further, for the six months ended 30 September 2015, the unaudited profit attributable to owners of the Company decreased by approximately 80.4% to approximately HK\$0.79 million from approximately HK\$44.04 million for the corresponding period last year. In order to improve its financial performance, the Group intends to expand its source of revenue by further developing the value chain in the real estate sector and expanding into

property development. As at 30 September 2015, the Group had unaudited consolidated cash and bank balances of approximately HK\$28.66 million. The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser to be appointed by the Independent Board Committee) are of the view that the Open Offer would enable the Group to raise funds for its business expansion plan and seize opportunities in the property development business on a timely basis, thus providing an opportunity for the Group to explore a new stream of business in the real estate sector. As at the date of this announcement, no specific investment target has been identified and no letter of intent, agreement or similar arrangement in respect of potential investments in property development has been entered into by the Group.

Furthermore, the Group recorded unaudited net cash used in operating activities of approximately HK\$2.2 million for the six months ended 30 September 2015 as compared to unaudited net cash generated from operating activities of approximately HK\$8.5 million for the six months ended 30 September 2014. The Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser to be appointed by the Independent Board Committee) consider that the Open Offer would also provide an opportunity for the Group to enhance its working capital without having to create interest burden on the Group as compared to debt financing.

The Board intends to apply the net proceeds from the Open Offer for exploring opportunities in the property development business and as general working capital of the Group.

The Board has considered other fund-raising alternatives before resorting to the present proposed Open Offer, including but not limited to debt financing, placing of new Shares and rights issue. However, such are considered less favourable to the Company and the Group for the following reasons:

- (1) Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms on a timely basis under volatile market conditions.
- (2) Placing of new Shares would only be available to certain places who might not necessarily be the existing Shareholders and would dilute the shareholding of the existing Shareholders.
- (3) Although a rights issue can provide way out to those Shareholders who do not wish to take up the entitlements by selling nil-paid rights, a rights issue will involve extra administrative work and cost for the trading arrangements in relation to the nil-paid rights.

The Board considers that it is prudent to finance the Group's long term growth by long term financing, preferably in the form of equity which will not increase the Group's financial costs. Having considered and taken into account the extra administrative work and additional cost which may be involved for the trading arrangement of nil-paid rights, and given the Board considers that it is important for the Group to minimise all costs which may be incurred during the fund-raising, the Open Offer allows the Group to strengthen its balance sheet and capital base without facing the burden of higher interest costs.

The Board considered that raising funds by way of the Open Offer is more cost-effective and efficient and beneficial to the Company and its Shareholders as a whole than other fund-raising alternatives as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportional interests in the Company and continue to participate in the future development of the Company should they wish to do so. The Board considers it is important for all Qualifying Shareholders to have an equal opportunity to maintain their interests in the Company.

Having considered the above, the Directors (excluding the independent non-executive Directors who will form their views after consulting the Independent Financial Adviser to be appointed by the Independent Board Committee) consider that fund raising through the Open Offer is in the best interests of the Company and the Shareholders as a whole. However, assuming that the Open Offer proceeds to completion, those Qualifying Shareholders who do not take up the Offer Shares to which they are entitled should note that their shareholding in the Company will be diluted.

### **EXPECTED TIMETABLE**

<b>Event</b>	<b>2016</b>
Expected date of despatch of the circular and the notice of the EGM.....	Monday, 11 January
Latest time for lodging transfer of shares in order to qualify for attending and voting at the EGM.....	4:00 p.m. on Friday, 22 January
Register of members closes (both days inclusive).....	Monday, 25 January to Friday, 29 January
Latest time for lodging proxy forms.....	10:00 a.m. on Wednesday, 27 January
Record date for attendance and voting at the EGM .....	Friday, 29 January
Expected date of the EGM .....	10:00 a.m. on Friday, 29 January
Announcement of results of the EGM .....	Friday, 29 January
Effective date of change in board lot size from 8,000 Shares to 16,000 Shares.....	Monday, 1 February
Designated brokers starts to stand in the market providing matching services for odd lots of Shares .....	9:00 a.m. on Monday, 1 February
Last day of dealings in the Shares on a cum-entitlement basis.....	Wednesday, 3 February

**Event****2016**

First day of dealings in the Shares on an ex-entitlement basis.....	Thursday, 4 February
Latest time for lodging transfer of Shares in order to be qualified in the Open Offer.....	4:00 p.m. on Friday, 5 February
Book closure period (both days inclusive).....	Thursday, 11 February to Wednesday, 17 February
Record Date .....	Wednesday, 17 February
Register of members re-opens .....	Thursday, 18 February
Despatch of Prospectus Documents.....	Thursday, 18 February
Designated broker ceases to stand in the market to provide matching services .....	4:00 p.m. on Thursday, 25 February
Latest time for payment for and acceptance of the Open Offer.....	4:00 p.m. on Thursday, 3 March
Latest time to terminate the Underwriting Agreement and for the Open Offer becomes unconditional.....	4:00 p.m. on Wednesday, 9 March
Announcement of results of the Open Offer.....	Thursday, 10 March
Refund cheques (if any) and share certificates of fully paid Offer Shares to be posted.....	Friday, 11 March
Dealings in Offer Shares expected to commence .....	9:00 a.m. on Monday, 14 March

Dates or deadlines specified in this announcement are indicative only and may be varied by agreement between the Company and the Underwriter. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.



## **Effect of bad weather on the Latest Time for Acceptance**

The Latest Time for Acceptance will not take place at 4:00 p.m. on Thursday, 3 March 2016 if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning, if such circumstances is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place at 4:00 p.m. on the date of the Latest Time for Acceptance, but will be extended to 5:00 p.m. on the same day instead; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance, the Latest Time for Acceptance will not take place on the date of the Latest Time for Acceptance, but will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the date of the Latest Time for Acceptance, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

## **WARNING OF THE RISK OF DEALINGS IN THE SHARES**

**Shareholders and potential investors should note that the Open Offer is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Open Offer may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares and if they are in any doubt about their position, they should consult their professional advisers.**

**Shareholders should note that the Shares will be dealt in on an ex-entitlement basis commencing from 9:00 a.m. on Thursday, 4 February 2016 and that dealing in the Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Open Offer are subject are fulfilled (which is expected to be at 4:00 p.m. on Wednesday, 9 March 2016), will accordingly bear the risk that the Open Offer cannot become unconditional and may not proceed. Any Shareholder or other person contemplating selling or purchasing the Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.**

## **PROPOSED CHANGE IN BOARD LOT SIZE**

The Board proposes, subject to the passing of all the necessary resolution(s) by the Independent Shareholders at the EGM to approve the Open Offer and the transactions contemplated thereunder, to change the board lot size for trading of the Shares from 8,000 Shares to 16,000 Shares with effect from 9:00 a.m. on Monday, 1 February 2016.

The Shares are currently traded in board lot of 8,000 Shares and the market value of each currently traded board lot of the Shares was HK\$2,160 (based on the closing price of HK\$0.270 per Share as quoted on the Stock Exchange as at the Last Trading Day). In order to increase the value of each board lot of the Shares so that the value of each board lot of the Shares will not be less than HK\$2,000, as well as to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to change the board lot size for trading of the Shares from 8,000 to 16,000 with effective from 9:00 a.m. on Monday, 1 February 2016. Upon the change in board lot size becoming effective, the Shares will be traded in board lot of 16,000 Shares and the estimated market value per board lot of the Shares will be HK\$4,320 (based on the closing price of HK\$0.270 per Share as quoted on the Stock Exchange as at the Last Trading Day). Based on the theoretical ex-entitlement price of approximately HK\$0.158 per Share (based on the closing price as quoted on the Stock Exchange on the Last Trading Day), the value of each board lot of 16,000 Shares would be HK\$2,528. The Offer Shares will be traded in the board lot of 16,000 Shares.

The change in board lot size will not result in any changes in the relative right of the Shareholders. The Board is of the opinion that the change in board lot size is in the interest of the Company and the Shareholders as a whole.

#### **Arrangement on odd lot trading**

In order to alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company will appoint an agent to stand in the market to provide matching services for the odd lots of the Shares on a best effect basis. Further details in respect of the odd lots arrangement will be set out in the circular to be despatched to the Shareholders. Shareholders should note that the matching service is on a best efforts basis only. The successful matching of the sale and purchase of the odd lots of the Shares is not guaranteed and will depend on there being adequate amounts of odd lots of Shares available for such matching. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.

All existing share certificates in board lot of 8,000 Shares will continue to be evidence of entitlement to the Shares and be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 8,000 Shares to new share certificates in board lot size of 16,000 Shares is necessary. With effect from 9:00 a.m. on Monday, 1 February 2016, the Shares (including the Offer Shares to be issued under the Open Offer) will be traded in board lot of 16,000 Shares and any new certificate of the Shares will be issued in new board lot size of 16,000 Shares (except for odd lots or where the Shareholder(s) otherwise instruct(s)). Save and except for the change in the number of Shares for each board lot, new certificates of Shares will have the same format and colour as the existing certificates of Shares.

## **LISTING RULES IMPLICATIONS**

In accordance with Rule 10.39 of the GEM Listing Rules, the Open Offer must be made conditional on approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Open Offer. As there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Open Offer according to Rule 10.39 of the GEM Listing Rules.

## **GENERAL**

An Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the EGM. The Independent Financial Adviser will be appointed to advise the Independent Board Committee and Independent Shareholders as to whether the terms of the Open Offer are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

A circular containing, among other things, further details of (i) the Open Offer; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM, will be despatched to the Shareholders on or before 11 January 2016.

Upon approval of the Open Offer by the Independent Shareholders at the EGM, the Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Excluded Shareholders (if any) for information only.

## **DEFINITIONS**

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Application Form(s)”	the application form(s) for use by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (excluding a Saturday and a Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.)

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Kong Shum Union Property Management (Holding) Limited (港深聯合物業管理(控股)有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Open Offer
“Excess Application Form(s)”	the form(s) of application for excess Offer Shares to be used in connection with the Open Offer
“Excluded Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company on the Record Date and whose addresses are in places outside Hong Kong and whom the Directors are of the view that it would be necessary or expedient to exclude from the Open Offer on account either of the legal restrictions under the laws of the places of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board (comprising Mr. Bai Jin Rong, Mr. Lam Kai Yeung and Mr. Tso Siu Lun, Alan, all being independent non-executive Directors) established to advise the Independent Shareholders on the Open Offer
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Open Offer

“Independent Shareholder(s)”	Shareholder(s) other than those who are involved in or interested in the Open Offer and shall also exclude Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates
“Last Trading Day”	3 December 2015, being the last day on which the Shares were traded on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 3 March 2016 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Offer Shares
“Latest Time for Termination”	4:00 p.m. on Wednesday, 9 March 2016 or such other time or date as may be agreed between the Company and the Underwriter, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto in the GEM Listing Rules
“Offer Share(s)”	not less than 1,485,454,545 Shares and not more than 1,545,454,545 Shares proposed to be offered to the Qualifying Shareholders to subscribe pursuant to the Open Offer
“Open Offer”	the proposed issue of the Offer Shares to the Qualifying Shareholders at the Subscription Price on the basis of three Offer Shares for every one Share held on the Record Date on the terms pursuant to the Prospectus Documents
“Posting Date”	Thursday, 18 February 2016 or such later date as may be agreed between the Underwriter and the Company, for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus, the Application Form(s) and the Excess Application Form(s)
“Qualifying Shareholders”	the Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date

“Record Date”	4:00 p.m., Wednesday, 17 February 2016, the record date for the determination of the entitlements of the Qualifying Shareholders for the Open Offer
“Registrar”	the Company’s branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at A18/F., Asia Orient Tower, Town Place, 33 Lockhart Road, Wanchai, Hong Kong
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option(s)”	the share option(s) granted under the share option scheme adopted by the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holders of the Shares, Offer Shares as the case may be
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price per Offer Share, being HK\$0.12
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Trading Day”	the day on which the Stock Exchange is open for trading
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activities under the SFO, being underwriter to the Open Offer
“Underwriting Agreement”	the agreement dated 3 December 2015 (after trading hours) entered into between the Company and the Underwriter relating to the underwriting and other arrangements in respect of the Open Offer
“Underwritten Share”	all the Offer Shares, being not less than 1,485,454,545 Offer Shares and not more than 1,545,454,545 Offer Shares
“Untaken Shares”	those (if any) of the Underwritten Shares in respect of which effective applications have not been received on or before the Latest Time for Acceptance
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong from time to time

“%”

per cent.

By Order of the Board  
**Kong Shum Union Property Management (Holding) Limited**  
**Ho Ying Choi**  
*Executive Director*

Hong Kong, 3 December 2015

*The Directors jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable inquiries, 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.*

*As at the date of this announcement, the executive Directors are Mr. Ho Ying Choi, Mr. Shen Ka Yip, Timothy, Ms. Lai Sze Yau, Vivien and Ms. Wu Yilin; the Non-executive Director 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 and Mr. Lam Kai Yeung.*

*This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company’s website at [www.kongshum.com.hk](http://www.kongshum.com.hk).*