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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 - SUBSCRIPTION FOR SHARES IN ALL PROFIT

THE SHARE SUBSCRIPTION

On 21 June 2015, the Company, Capital Creation and All Profit entered into the Subscription and Shareholders' Agreement, pursuant to which All Profit has agreed to issue, and the Company has agreed to subscribe for the Subscription Shares at the Subscription Price of HK\$13 million. The Subscription Shares will in aggregate represent 10% of the issued share capital of All Profit as enlarged by the allotment and issue of the Subscription Shares.

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Share Subscription is more than 5% but less than 25%, the Share Subscription constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the announcement requirements under the GEM Listing Rules.

Reference is made to the announcement of the Company dated 11 May 2015 in relation to the MOU entered into between the Company and All Profit.

THE SHARE SUBSCRIPTION

On 21 June 2015, the Company, All Profit and Capital Creation entered into the Subscription and Shareholders' Agreement.

Principal terms of the Subscription and Shareholders' Agreement are set out below:

THE SUBSCRIPTION AND SHAREHOLDERS' AGREEMENT

Date: 21 June 2015

- Parties: (i) the Company, as the subscriber;
- (ii) All Profit, as the issuer; and
- (iii) Capital Creation; as the shareholder of All Profit after the Reorganisation

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, All Profit, Capital Creation and its ultimate beneficial owner are third parties independent of the Company and the connected persons of the Company.

Subscription Shares

Subject to the terms set out in the Subscription and Shareholders' Agreement, All Profit has agreed to issue, and the Company has agreed to subscribe for the Subscription Shares. The Subscription Shares will in aggregate represent 10% of the issued share capital of All Profit as enlarged by the allotment and issue of Subscription Shares. After the Completion, Capital Creation and the Company will hold 90% and 10% of the issued share capital of All Profit respectively.

Subscription Price

The Subscription Price for the Subscription Shares shall be HK\$13 million and is payable by the Company in cash upon Completion. The Group intends to use its internal resources to fund the Subscription Price.

The Subscription Price of HK\$13 million for the Subscription Shares was determined after arm's length negotiations between the Company and All Profit taking into account, among other things, (i) the business prospects of All Profit, and (ii) the reasons for the Share Subscription as mentioned in the paragraph headed "REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION".

Conditions precedent

Completion of the Share Subscription is conditional upon the following conditions being fulfilled to the satisfaction of the Company or waived by the Company:–

- (A) the Reorganisation having been completed; and

(B) the Company having completed the due diligence review on the business of All Profit and is satisfied with the results of such due diligence review.

All the above conditions can be waived by the Company.

Completion

Completion shall take place on the 5th Business Day following the fulfilment or wavier of the conditions precedent or on such other date to be agreed by the parties to the Subscription and Shareholders' Agreement.

Pursuant to the Subscription and Shareholder's Agreement, the shareholders of All Profit shall procure that the board of directors of All Profit shall consist of three directors, one of which shall be nominated by the Company. Any transfer of interest in All Profit shall be subject to the right of first refusal. The shareholders of All Profit shall also be subject to the usual tag along and pre-emptive rights.

Profit Guarantee

Pursuant to the Subscription and Shareholders' Agreement, All Profit guarantees to the Company that the net profits of All Profit after tax ("**2016 After-Tax Profits**") for the period from 20 March 2015 (date of incorporation of All Profit) to 30 June 2016 shall not be less than HK\$10,000,000 (the "**Guaranteed Profits Amount**"). If the 2016 After-Tax Profit of All Profit falls below the Guaranteed Profits 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 new Shares and the Guarantee Profit Amount shall be extended for a further 12 months to the year ending 30 June 2017 (the "**Extended Profit Guarantee**"). If the net profit of the Company after tax for the year ended 30 June 2017 ("**2017 After-Tax Profits**") 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 following formula will be adopted in calculating the amount of the Compensation:-

$$HK\$10,000,000.00 \times 13 \times 20\%$$

Notwithstanding the above, the Company shall have the absolute 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 the of All Profit as enlarged by the allotment and issue of such new Shares in lieu of the Compensation.

INFORMATION ON ALL PROFIT AND CAPITAL CREATION

All Profit is a company incorporated in the British Virgin Islands on 20 March 2015. All Profit is principally engaged in (i) developing a mobile application, “Yes Master!”, which aims to provide one-stop household support to its users including community service, marketplace, resident bulletin and social networking; and (ii) setting up a two-way communication internet platform between the property management and its residents in any building or property estates in Hong Kong.

Based on the unaudited financial information of All Profit available to the Company, All Profit recorded loss of approximately HK\$158,000 for the period from the date of its incorporation to 15 June 2015. As at 15 June 2015, All Profit had net liabilities of approximately HK\$158,000. The core assets of All Profit is the cost of application development being capitalised.

As at the date of this announcement, the Mobile Apps is available for download on various digital distribution platform for mobile apps, such as Google Play.

As at the date of the Subscription and Shareholders’ Agreement, All Profit is wholly owned by Ms. Cheung. Upon completion of the Reorganisation, Ms. Cheung shall have transferred all her interest in All Profit to Capital Creation. Capital Creation is a company incorporated in the British Virgin Islands and investment holding company wholly-owned by Ms. Cheung.

REASONS FOR AND BENEFITS OF THE SHARE SUBSCRIPTION

The Group is principally engaged in the provision of property management services in Hong Kong. As mentioned in the announcement of the Company dated 11 May 2015 in relation to the MOU, the parties shall enter into the Subscription and Shareholders’ Agreement to materialize their proposed business cooperation, which include, inter alia, (i) developing the Mobile Apps and the Internet Platform; (ii) promoting the Mobile Apps and the Internet Platform to residents residing in the properties to which the Group is providing management services; and (iii) promoting and marketing the Mobile Apps and the Internet Platform to other property estates in Hong Kong.

The Directors are of the view that the Mobile Apps and the Internet Platform are of great business potential and shall have synergies with the Group’s property management business and will therefore play a positive role for the business development of the Group.

In view of the above, the Directors believe that the terms of the Share Subscription Shareholders’ Agreement are fair and reasonable and the Share Subscription contemplated therein is in the interests of the Company and its shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Share Subscription is more than 5% but less than 25%, the Share Subscription constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the announcement requirements under the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“All Profit”	All Profit Alliance Limited, a company incorporated in the British Virgin Islands
“All Profit Share(s)”	ordinary share(s) of US\$1 each in the share capital of All Profit
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday or public holiday in Hong Kong) on which banks are generally open for business in Hong Kong
“Capital Creation”	Capital Creation (BVI) Limited, a company incorporated in the British Virgin Islands
“Company”	Kong Shum Union Property Management (Holding) Limited (stock code: 8181), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the GEM
“Completion”	completion of the Share Subscription pursuant to the Subscription and Shareholders’ Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Internet Platform”	a two-way communication Internet platform among the property management companies, incorporated owners, service providers and its users in any building or property estates in Hong Kong
“Mobile Apps”	a kind of computer programme designed to run on smartphones or computers, namely, “ <i>Yes Master!</i> ”, which is intended to provide one-stop household support to its users such that by using the Mobile Apps, users will have access to a number of value-added services surrounding their households, in the areas of market place, social networking, resident bulletin and community services
“Ms. Cheung”	Ms. Cheung Ka Man 張嘉敏, the sole shareholder and sole director of All Profit and Capital Creation
“MOU”	the memorandum of understanding dated 11 May 2015 entered into between the Company and All Profit in relation to, among others, the Proposed Business Cooperation, details of which are set out in the Company’s announcement dated 11 May 2015
“PRC”	The People’s Republic of China which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region and Taiwan
Reorganisation	the reorganisation of All Profit taken place before Completion involving (i) the transfer of one All Profit Share from Ms. Cheung to Capital Creation; and (ii) the issue and allotment of 89 new All Profit Shares to Capital Creation at par value
“Share Subscription”	subscription of the Subscription Shares pursuant to the Subscription and Shareholders’ Agreement

“Subscription and Shareholders’ Agreement”	the Subscription and Shareholders’ Agreement dated 21 June 2015 entered into among the Company, All Profit and Capital Creation
“Subscription Price”	an aggregate of HK\$13 million for the subscription of the Subscription Shares
“Subscription Shares”	10 new All Profit Shares to be subscribed by the Company under the Subscription and Shareholders’ Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Kong Shum Union Property Management (Holding) Limited
Liu Dan
Chairman

Hong Kong, 22 June 2015

As at the date of this announcement, the Board comprises:

- (1) Mr. Liu Dan (Chairman and Chief Executive Officer), as an executive Director
- (2) Mr. Ho Ying Choi, as an executive Director;
- (3) Mr. Shen Ka Yip, Timothy, as an executive Director;
- (4) Ms. Lai Sze Yau, Vivien, as an executive Director;
- (5) Mr. Shum Lok To, as a non-executive Director;
- (6) Mr. Bai Jin Rong, as an independent non-executive Director;
- (7) Mr. Chow Siu Lui, as an independent non-executive Director; and
- (8) Mr. Tso Siu Lun, Alan, as an independent non-executive Director.

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>.