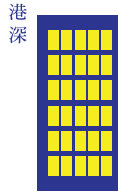


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Kong Shum Union Property Management (Holding) Limited

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)

FURTHER INFORMATION IN RELATION TO THE SUBSCRIPTION FOR SHARES IN ALL PROFIT

Reference is made to the announcement of Kong Shum Union Property Management (Holding) Limited (the “**Company**”) dated 22 June 2015 (the “**Announcement**”) in relation to the Subscription for shares in All Profit. Unless the context otherwise requires, capitalised terms used herein shall bear the same meanings as those defined in the Announcement.

The Company wishes to provide shareholders of the Company (the “**Shareholders**”) and the public with further information in relation to the Share Subscription and All Profit.

Basis and reasons of determining the Guaranteed Profits Amount

The Subscription Price of HK\$13 million for the Subscription Shares and the Guaranteed Profits Amount were determined after arm’s length negotiations between the Company and All Profit taking into account, among other things, the factors set out in the Announcement and the price to-earnings ratio of 13 times, which is determined with reference to the low range of the price-to-earnings ratio of listed companies in Hong Kong and the United States whose principal activity is developing mobile applications and Internet platform and conducting e-commerce business, which is similar to that of All Profit; the prospect of mobile application market. The Guaranteed Profits Amount and the Extended Profit Guarantee were determined with a view to providing the Group with protection of the interest of the Group.

Basis of applying the Extended Profit Guarantee

As All Profit is still at its initial development stage, in order to safeguard the Shareholders' interests, the Company requested All Profit to provide a profit guarantee and a compensation mechanism to ensure its 2016 After-Tax Profits will not be less than the Guaranteed Profits Amount.

If the 2016 After-Tax Profits of All Profit falls below the Guaranteed Profits Amount, the Company will be compensated with an extra 10% of the entire issued share capital of All Profit and the Guarantee Profits Amount shall extend for a further 12 months. The Board considered the following aspects when deciding to grant a one-year buffer for the Guaranteed Profits Amount:

- (i) the Company would be compensated with an extra 10% equity stake by granting the one-year buffer which would in turn increase the Company's shareholding in All Profit and its entitlements to the future profits of All Profit;
- (ii) the support from the Company to All Profit in promoting the Mobile Apps and the Internet Platform to residents residing in the properties to which the Company is providing management services. The Board believes that with the support from the Company, All Profit will be able to fulfil the Extended Profit Guarantee, if not the Profit Guarantee.

The audit of the 2016 After-Tax Profits and the 2017 After-Tax Profits and subsequent disclosure

The audited reports of the 2016 After-Tax Profits and 2017 After-Tax Profits of All Profit shall be completed and presented to the Company within three months after 30 June of the relevant year. After the audited reports are completed, the Company will publish announcements to disclose the outcomes of the Profit Guarantee or the Extended Profit Guarantee. In the event that the Profit Guarantee or the Extended Profit Guarantee has not been fulfilled, the Company will disclose the details on how it will enforce the obligations of All Profit under the Subscription and Shareholders' Agreement in such announcement (whether it will opt for additional All Profit Shares or the cash Compensation). As at the date of this announcement, All Profit is in the process of considering engagement of auditor and no auditor of All Profit was engaged.

Nature of the Profits of All Profit

The Directors expect that the profits of All Profit shall be derived from its ordinary and usual course of business, i.e. the commissions earned through any purchase of merchandises via the Internet platform or Mobile Apps developed by All Profit and the listing fees payable by the vendors or merchants who list their products for sale in the Internet platform or the Mobile Apps.

As the Group is engaged in property management, the Directors believe that the Group can introduce the Mobile Apps and the Internet Platform to the residents residing in the properties which is managed by the Group and thus, there will be synergy between the business of All Profit and the property management business of the Group.

How the consideration was determined with reference to the profits of All Profit

The Board and All Profit took into account the Guaranteed Profits Amount in determining the Subscription Price. The Board has adopted an adjusted P/E multiple of 13x taking into account the P/E multiple among comparable public company and adjusted with discount to reflect the market liquidity of private company.

Applying the adjusted P/E multiple, the Guaranteed Profits Amount was agreed at the amount of HK\$10 million. The Subscription Price for 10% of the issued share capital of All Profit is therefore fixed at HK\$13 million under the Subscription and Shareholders' Agreement. Further, as disclosed in the Announcement, if the 2017 After-Tax Profits is less than the Extended Profit Guarantee, All Profit shall compensate the Company by cash in accordance with the following formula:

Difference between 2017 After-Tax Profit and the Extended Profit Guarantee x 13 x 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 x 13 x 20%

The multiple of 13 in the formula is applied with reference to the adjusted P/E multiple while the fraction of 20% represents the proportion of All Profit Shares allotted to the Company under the Share Subscription and the exercise of Extended Profit Guarantee. The Directors of the Company considered the formula is fair and reasonable as it would reflect the shortfall suffered by the Company as a result of All Profit's failure to achieve the Profit Guarantee and the Extended Profit Guarantee.

Whether the compensation for the shortfall is fair and reasonable and how the Company would exercise the choice of cash compensation or 5% additional shareholding

As disclosed in the Announcement, if the 2016 After-Tax Profits of All Profit falls short of the Guaranteed Profits Amount, the Company will be issued and allotted of an additional 10% shareholding in All Profit and in return, the Profit Guarantee shall be extended for one more year. If the 2017 After-Tax Profits still falls short of the Guaranteed Profit Amount, the Company shall have the choice of either (i) a cash Compensation calculated by the formula set out above; or (ii) an additional 5% shareholding of All Profit as enlarged by the allotment and issue of such new Shares in lieu of cash Compensation, at the absolute discretion of the Company.

As such, the Company can review the performance and reassess the business prospects of All Profit and the E-commerce market in the 2nd quarter of 2017 in exercising the choice. If, by the end of the year ending 30 June 2017, All Profit fails to achieve the Extended Profit Guarantee but the Board, based on the then performance of the All Profit, in particular, the number of users of the Mobile Apps of “Yes Master!”, the number of housing estates and buildings which provide the Internet platforms developed by All Profit for their residents and the number of e-shops and vendors which placed their merchandizes for sale in the Internet platforms, decides whether investing in the Mobile Apps and the Internet Platform will continue to bring synergetic effects to the Company’s business development. The Company will then decide on whether it should acquire additional All Profit Shares or opt for Compensation.

The choice of 5% additional shareholding in lieu of cash Compensation when All Profit fails to meet the Guaranteed Profits Amount for 2017 was determined by the Company and All Profit by arms’ length negotiation. Given the Company has the choice of cash Compensation based on a multiple of 13 and the fraction of 20%, which is the common method in calculating the amount of compensation for transactions based on P/E ratio, the compensation by issuing and allotting additional shares equivalent to 5% shareholding of All Profit on an enlarged basis, is merely a further option open to the Company. Hence, if the Directors consider that momentary Compensation will be more beneficial to the Company and its Shareholders, the Directors will opt for momentary Compensation instead of shares of All Profit. The Directors consider that the compensation for the shortfall is fair and reasonable.

Further disclosure about the Company’s investments in All Profit in the future and the total asset value of All Profit

The Company will issue announcements to inform its shareholders regarding the fulfillment of each of the 2016 After-Tax Profits and the 2017 After-Tax Profits (no matter whether the Guaranteed Profit Amount is met or not) when the audited financial statements of All Profit is available. In particular, if the Guaranteed Profit Amount cannot be met, the Company will further disclose on how the Company would enforce the obligations of All Profit and/or Ms. Cheung under the Subscription and Shareholders’ Agreement.

The Company will also issue an announcement to inform its shareholders regarding the choice of subscribing for additional new shares of All Profit or taking the cash compensation if the Guaranteed Profit Amount is not met.

The total assets value of All Profit as at 15 June 2015 amounted to HK\$700,000.

Except as stated above, all the information in the Announcement remains unchanged.

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

Hong Kong, 3 July 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>.