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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)

ANNOUNCEMENT PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 17.10 OF THE GEM LISTING RULES AND INSIDE INFORMATION PROVISIONS UNDER PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE AND RESUMPTION OF TRADING

This announcement is made by Kong Shum Union Property Management (Holding) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 3.7 of The Code on Takeovers and Mergers of Hong Kong (the “**Takeovers Code**”), Rule 17.10(2)(a) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) 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).

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE ACQUISITION

The board of directors (the “**Board**”) of the Company wishes to announce that, after trading hours on 14 October 2014, the Company was informed by Topgrow Holdings Limited (“**Topgrow**”), the controlling shareholder (as defined in the GEM Listing Rules) of the Company, that it had entered into a memorandum of understanding dated 14 October 2014 (the “**MOU**”) with an independent third party (the “**Potential Purchaser**”) not connected with the Company, its directors, chief executive, substantial shareholders, subsidiaries and associates, in relation to a possible sale and purchase of the shares of the Company (the “**Shares**”) held by Topgrow (the “**Possible Acquisition**”). Topgrow is a company incorporated in the British Virgin Islands and its entire issued share capital is owned as to 40% by Mr. Ho Ying Cheung and as to 60% by Mr. Ho Ying Choi, both of whom are

executive Directors. As at the date of this announcement, Topgrow and its concert parties are in aggregate beneficially interested in 300,000,000 Shares, representing 75% of the total issued share capital of the Company of 400,000,000 Shares.

The Board has been informed by Topgrow that, pursuant to the MOU, the Potential Purchaser may acquire approximately 75% of the total issued share capital of the Company, which if materialized and completed, will lead to an obligation of the Potential Purchaser to make a mandatory general offer under Rule 26.1 of the Takeovers Code, such offer, if made, is expected to be in cash.

The MOU shall remain in effect for a term of 45 days from the date of the MOU (the “**Term**”) or until Topgrow and the Potential Purchaser enter into a formal agreement, whichever is earlier (collectively the “**Effective Term**”). Topgrow also agreed that, along with their representatives and agents, they shall not, during the Effective Term, directly or indirectly enter into any discussion or agreement with any person other than the Potential Purchaser relating to the Possible Acquisition.

During the Term of the MOU, Topgrow shall procure the Company to use their respective best endeavours to render all necessary assistance to enable the Potential Purchaser to conduct financial and legal due diligence review on the Group and its business.

Save for certain provisions, which included but not limited to the Term, exclusivity, confidentiality, notices and governing laws, the MOU is non-legally binding.

In accordance with Rule 3.7 of the Takeovers Code, monthly announcement(s) setting out the progress of the Possible Acquisition will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the GEM Listing Rules and the Takeovers Code (as the case may be).

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Potential Purchaser are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code. As at the date of this announcement, the Company has 400,000,000 ordinary shares of par value of HK\$0.01 each in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date of this announcement.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

RESUMPTION OF TRADING

By the request of the Company, trading in the Shares on the Stock Exchange had been halted with effect from 9:00 a.m. on 15 October 2014 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on 17 October 2014.

WARNINGS: Shareholders and potential investors of the Company shall be aware that there is no assurance that the Possible Acquisition mentioned in this announcement will materialize. Shareholders and potential investors are urged to exercise extreme caution when dealing in the Shares.

By Order of the Board
Kong Shum Union Property Management (Holding) Limited
Ho Ying Cheung
Chairman

Hong Kong, 16 October 2014

Executive Directors:

Ho Ying Cheung
Ho Ying Choi
Shum Lok To

Non-executive Directors:

Kam Tak Yeung
Tso Ping Cheong Brian

Independent non-executive Directors:

Cheung Kwong Wai
So Chung Shing
Tong Sze Chung
Wong Tsz Ho

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, 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 statement in this announcement misleading.

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 in this announcement misleading.

This announcement will remain on the “Latest Company Announcement” page of the GEM website for at least 7 days from the date of its publication and the Company’s website at <http://www.kongshum.com.hk>.