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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 Cayman Islands with limited liability)

(Stock Code: 8181)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Supreme China Securities Limited
智華證券有限公司

THE PLACING

The Board is pleased to announce that on 11 May 2017 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, of up to 118,800,000 Placing Shares, to not less than six Places who and whose ultimate beneficial owners shall be Independent Third Parties at a price of HK\$0.24 per Placing Share.

The Placing Price of HK\$0.24 per Placing Share represents (i) a discount of approximately 2.04% to the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 2.83% to the average of the closing prices per Share of HK\$0.247 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The maximum number of the Placing Shares represents (i) approximately 19.99% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

The Placing Shares will be allotted and issued under the General Mandate. The allotment and issue of the Placing Shares is not subject to the approval of the Shareholders. The Placing is conditional upon the grant by the Stock Exchange of the listing of, and permission to deal in, all of the Placing Shares.

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$28.5 million and the net proceeds will be approximately HK\$27.6 million (after deduction of commission and other expenses of the Placing). The Directors intend to use the net proceeds for future investment opportunities of the Company which includes but not limited to capital investment in the provision of financial services in Hong Kong such as money lending business, securities investments, and/or properties investment and/or as general working capital of the Group. Up to the date of this announcement, no specific investment targets have been identified.

Shareholders and potential investors of the Company shall be aware that Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE PLACING

The Board is pleased to announce that on 11 May 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement in relation to the Placing.

The Placing Agreement

Date: 11 May 2017 (after trading hours)

Parties:

Issuer: The Company

Placing Agent: Supreme China Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing Agent will receive from the Company a placing commission of 3% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent pursuant to the Placing Agreement. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents. The Directors consider that the terms of the Placing Agreement, including the Placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. If any of the Placees will become a substantial Shareholder (as defined under the GEM Listing Rules) immediately after Completion, further announcement will be made by the Company in compliance with the GEM Listing Rules.

Placing Shares

As at the date of this announcement, the Company has 594,151,515 Shares in issue. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of the Placing Shares of up to 118,800,000 Shares under the Placing represents (i) approximately 19.99% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.66% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,188,000.

Placing Price

The Placing Price of HK\$0.24 per Placing Share represents:

- (i) a discount of approximately 2.04% to the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 2.83% to the average of the closing prices per Share of approximately HK\$0.247 as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are on normal commercial terms and are fair and reasonable based on the current market conditions. Hence, the Directors consider that the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of allotment.

Conditions of the Placing Agreement

The Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the 1 June 2017 or such later date as the Company and the Placing Agent hereto may agree in writing; and

- (ii) each of the Company and the Placing Agent shall use their respective best effort to procure the satisfaction of the condition set out in (i) above by the time stated therein or such later date as the parties to the Placing Agreement may agree in writing, but if the condition shall not be so satisfied, all obligations of the Placing Agent and of the Company under the Placing Agreement (save for the obligation that, subject to any requirements of the Stock Exchange or other regulatory authorities, none of the parties to the Placing Agreement shall, directly or indirectly, make any announcement or communication other than this announcement in relation to the Placing Agreement or any matter ancillary thereto without the prior written consent of the other (such consent not to be unreasonably withheld or delayed), which shall remain in full force and effect) shall cease and determine and none of the parties to the Placing Agreement shall have any claim against the other in relation thereto.

Completion

Completion shall take place at 4:00 p.m. at the office of the Placing Agent on the fifth Business Day after the fulfillment of the condition set out in paragraph headed “Conditions of the Placing Agreement” (or such other time and date as the parties to the Placing Agreement may agree in writing).

Application for listing

The Company will make an application to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by resolution of the Shareholders passed at the AGM, subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 712,981,818 new Shares. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Termination and force majeure

- (i) The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:
- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
 - (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
 - (d) any statement contained in the announcements, circulars, quarterly, interim and annual reports issued by the Company since the publication of the annual results of the Company for the year ended 31 March 2016 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing.
- (ii) The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination or lapse of the Placing Agreement pursuant to the terms set out above, all liabilities of the parties to the Placing Agreement thereunder shall cease and determine and no party to the Placing Agreement shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement. For the avoidance of doubt, any requirements of the Stock Exchange or other regulatory authorities, none of the parties to the Placing Agreement shall, directly or indirectly, make any announcement or communication other than this announcement in relation to the Placing Agreement or any matter ancillary thereto without the prior written consent of the other (such consent not to be unreasonably withheld or delayed), shall remain in full force and effect notwithstanding the termination of the Placing Agreement.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Shareholders and potential investors of the Company shall be aware that Completion is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

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

Assuming the maximum number of the Placing Shares is placed under the Placing Agreement, the gross proceeds from the Placing will be approximately HK\$28.5 million, and the net proceeds will be approximately HK\$27.6 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$0.232 per Placing Share.

The Directors intend to use the net proceeds for future investment opportunities of the Company which includes but not limited to capital investment in the provision of financial services in Hong Kong such as money lending business, securities investments, and/or properties investment and/or as general working capital of the Group. Up to the date of this announcement, no specific investment targets have been identified.

The Directors have considered various ways of raising funds and believe that the Placing represents an opportunity to raise capital for the Group while broadening the Shareholder and capital base. Accordingly, the Directors are of the view that the terms and conditions of the Placing Agreements are fair and reasonable and are on normal commercial terms and the Placing is in the best interest of the Company and its Shareholders as a whole.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) the effect on the shareholding structure immediately upon Completion (assuming all the Placing Shares are fully placed and no other change in the shareholding structure of the Company from the date of this announcement to the Completion Date) are set out below:

| | As at the date of this announcement | | Immediately upon Completion (assuming all the Placing Shares are fully placed) | |
|-------------------------------|--|----------------------|---|----------------------|
| | No. of Shares | Approx. % | No. of Shares | Approx. % |
| Public Shareholders | | | | |
| The Placees (<i>Note 1</i>) | — | — | 118,800,000 | 16.66 |
| Other public Shareholders | <u>594,151,515</u> | <u>100.00</u> | <u>594,151,515</u> | <u>83.34</u> |
| Total | <u><u>594,151,515</u></u> | <u><u>100.00</u></u> | <u><u>712,951,515</u></u> | <u><u>100.00</u></u> |

Notes:

1. The Placing Shares will be placed by the Placing Agent to currently expected not less than six independent Placees.
2. The percentages are subject to rounding error.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

Apart from the fund raising activities mentioned below, the Company has not carried out other equity fund raising activities during the twelve months immediately preceding the date of this announcement:

| Date of announcement | Fund raising activity | Net proceeds Raised (approximately) | Proposed use of the net proceeds | Actual use of the net proceeds |
|-----------------------------|----------------------------------|--|---|--|
| 18 August 2016 | Placing of 99,000,000 new Shares | HK\$22.0 million | Intended to be used for investment opportunities of the Group | Entirely used for the acquisition of 30% of the issued shares in Dakin Holdings Inc. |

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

| | |
|---------------------|--|
| “AGM” | the annual general meeting of the Company held on 28 September 2016 |
| “Board” | the board of Directors |
| “Business Day” | a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours |
| “Company” | Kong Shum Union Property Management (Holding) Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on GEM (stock code: 8181) |
| “Completion” | the completion of the Placing in accordance with the terms and condition set out in the Placing Agreement |
| “Completion Date” | On the fifth Business Days after the fulfilment of the conditions set out in the Placing Agreement are satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing) |
| “connected persons” | has the meanings as ascribed thereto under the GEM Listing Rules |

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|--------------------------------|---|
| “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 |
| “General Mandate” | the general mandate granted to the Board pursuant to the ordinary resolution passed by the Shareholders at the AGM to allot, issue and deal with Shares up to 20% of the then issued share capital of the Company (being 594,151,515 Shares) as at the date of passing such resolution, which is equivalent to 118,830,303 Shares |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | any persons or company(ies) and their respective ultimate beneficial owners, to the best of the Director’s knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the GEM Listing Rules |
| “Last Trading Day” | 11 May 2017, being the last trading day for the Shares prior to this announcement |
| “Listing Committee” | the listing sub-committee of the board of directors of the Stock Exchange |
| “Long Stop Date” | 1 June 2017 or such later date as may be agreed between the Company and the Placing Agent in writing |
| “Placee(s)” | any person or entity procured by the Placing Agent to subscribe for any Placing Shares pursuant to the Placing Agreement |
| “Placing” | the placing of the Placing Shares on and subject to the terms and condition set out in the Placing Agreement |
| “Placing Agent” | Supreme China Securities Limited, a licensed corporation to carry on business in Type 1 regulated activity (dealing in securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Placing Agreement” | the conditional placing agreement entered into between the Company and the Placing Agent dated 11 May 2017 in relation to the Placing |

| | |
|--------------------|--|
| “Placing Price” | HK\$0.24 per Placing Share |
| “Placing Share(s)” | up to 118,800,000 new Shares to be placed pursuant to the Placing Agreement |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “Share(s)” | ordinary share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholders” | holders of the issued Shares |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “%” | per cent. |

By order of the Board
Kong Shum Union Property Management (Holding) Limited
Eric Todd
Chairman

Hong Kong, 11 May 2017

As at the date of this announcement, the executive Directors are Mr. Eric Todd (Chairman), Mr. Lee Chin Ching, Cyrix and Mr. Ho Ying Choi and the independent non-executive Directors are 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 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 herein or this announcement misleading.

This announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting and the Company’s website at www.kongshum.com.hk.