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CSI PROPERTIES LIMITED

資本策略地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

DISCLOSEABLE TRANSACTION IN RELATION TO INVESTMENT IN GUANGZHOU R&F NOTES

NOTE PURCHASE AGREEMENT

On 9 December 2020, Mark Well (a wholly-owned subsidiary of the Company) entered into the Note Purchase Agreement with CMBI in relation to the investment in the 6.7% Guangzhou R&F Notes by way of total return swap arrangement at an aggregate consideration of approximately RMB44.5 million (equivalent to approximately HK\$52.7 million).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Investment, after aggregating with the Previous Investments (which do not constitute a discloseable transaction for the Company whether on a standalone or an aggregated basis), exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

NOTE PURCHASE AGREEMENT

On 9 December 2020, Mark Well (a wholly-owned subsidiary of the Company) entered into the Note Purchase Agreement with CMBI in relation to the investment in the 6.7% Guangzhou R&F Notes by way of total return swap arrangement, details of which are as follows:

Notional Amount	Approximately RMB50.2 million (equivalent to approximately HK\$59.6 million) ^{Note}
Consideration (including unpaid interests accrued)	Approximately RMB44.5 million (equivalent to approximately HK\$52.7 million) ^{Note}

Note: Accumulative purchases from 14 December 2020 up to 28 December 2020 (based on trade date).

The consideration was determined with reference to the prevailing market price of the 6.7% Guangzhou R&F Notes as quoted on the Shanghai Stock Exchange. It was paid in full upon signing of the Note Purchase Agreement.

The above interest was acquired by Mark Well through the acquisition of interest in certain total return swap linked notes issued by Golden Sunflower. The 6.7% Guangzhou R&F Notes are the underlying reference notes of such total return swap linked notes. Mark Well does not have any actual ownership interest or proprietary rights in the 6.7% Guangzhou R&F Notes.

The 6.7% Guangzhou R&F Notes bear interest at a rate of 6.7% per annum, payable in arrears on each anniversary of the issue date until the maturity date of 7 April 2022, and are listed and quoted on the Shanghai Stock Exchange (SH136360).

Guangzhou R&F and its subsidiaries are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Guangzhou R&F and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

REASONS FOR AND BENEFITS OF THE INVESTMENT

Securities investment is one of the principal business activities of the Group and the Investment is in line with such business. As at 30 September 2020, the investment portfolio of the Group comprises of 85.6% listed debt securities (mostly issued by PRC-based real estate companies), 2.1% listed equity securities and 12.3% unlisted funds and securities. Taking into account the terms of the Investment (including the consideration (which includes unpaid interest accrued on the notes), interest rate and maturity date of the notes), the Directors are of the view that such terms are reasonable and the Investment is in the interests of the Company and its shareholders as a whole. The Investment was funded by the Group's internal resources.

INFORMATION OF THE GROUP

The Company is a limited liability company incorporated in Bermuda which shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the business of property development and investment, and securities investment.

Mark Well is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. It is principally engaged in the business of securities investment.

INFORMATION OF THE COUNTERPARTY

CMBI is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, CMBI and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Investment, after aggregating with the Previous Investments (which do not constitute a discloseable transaction for the Company whether on a standalone or an aggregated basis), exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“CMBI”	CMB International Securities Limited, a company incorporated in Hong Kong with limited liability and the dealer under the Note Purchase Agreement
“Company”	CSI Properties Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 497)
“connected person”	has the same meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Golden Sunflower”	Golden Sunflower Limited, an exempted company incorporated in the Cayman Islands with limited liability and the issuer of the total return swap linked notes referred to in the Note Purchase Agreement
“Group”	the Company and its subsidiaries
“Guangzhou R&F”	Guangzhou R&F Properties Co., Ltd.* (廣州富力地產股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2777)
“Guangzhou R&F Notes”	the notes issued by Guangzhou R&F and/or its subsidiaries, including but not limited to the 6.7% Guangzhou R&F Notes
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	the investment in the 6.7% Guangzhou R&F Notes by Mark Well pursuant to the Note Purchase Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mark Well”	Mark Well Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Note Purchase Agreement”	the note purchase agreement dated 9 December 2020 entered into between CMBI as the dealer and Mark Well as the investor
“PRC”	the People’s Republic of China
“Previous Investments”	collectively, the acquisition of: <ul style="list-style-type: none"> (i) the Guangzhou R&F Notes in the notional amount of US\$2.0 million (equivalent to approximately HK\$15.6 million) in March 2020 on open market; (ii) the Guangzhou R&F Notes in the notional amount of US\$1.0 million (equivalent to approximately HK\$7.8 million) in April 2020 on open market; (iii) the Guangzhou R&F Notes in the notional amount of US\$4.0 million (equivalent to approximately HK\$31.2 million) in May 2020 on open market; and (iv) the Guangzhou R&F Notes in the notional amount of US\$6.9 million (equivalent to approximately HK\$53.7 million) in September 2020 on open market
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America

“6.7% Guangzhou
R&F Notes”

the 6.7% notes due 2022 in the aggregate notional amount of RMB1,950.0 million issued by Guangzhou R&F on 7 April 2016 with the maturity date on 7 April 2022 which are listed and quoted on the Shanghai Stock Exchange (SH136360)

“%”

per cent.

By Order of the Board
CSI Properties Limited
Chan Suet Kwan
Company Secretary

Hong Kong, 30 December 2020

As at the date of this announcement, the executive directors of the Company are Mr. Chung Cho Yee, Mico (Chairman), Mr. Kan Sze Man, Mr. Chow Hou Man and Mr. Fong Man Bun, Jimmy, and the independent non-executive directors of the Company are Mr. Cheng Yuk Wo, Dr. Lam Lee G., Hon. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP.

For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ and US\$ into HK\$ in this announcement is based on the exchange rate of RMB1.00 = HK\$1.186 and US\$1.00 = HK\$7.80. Such conversion should not be constructed as a representation that any amount has been, could have been, or may be, exchanged at such or any other rate.

* *For identification purpose only*