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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)

ANNOUNCEMENT

ISSUANCE OF U.S.\$300,000,000 5.45 PER CENT. GUARANTEED NOTES DUE 2025 TO BE GUARANTEED BY THE COMPANY

Reference is made to the announcement of the Company dated 14 July 2021 in respect of the Notes Issue.

* For identification purpose only

The Board is pleased to announce that on 15 July 2021, the Company and ESL, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, J.P. Morgan Securities plc and Credit Suisse (Hong Kong) Limited, each as a joint global coordinator, joint lead manager and joint bookrunner and The Bank of East Asia, Limited, CMB International Capital Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, each as a joint lead manager and joint bookrunner, in connection with the Notes Issue.

The estimated net proceeds from the Notes Issue, after deduction of the underwriting commissions and estimated offering expenses, will amount to approximately U.S.\$296 million. The entire amount of the net proceeds will be on-lent by ESL to the Company and/or other members of the Larger Group, which will be used for general working capital of the Larger Group and repayment of certain debt obligations.

Approval in-principle has been obtained for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made or opinions expressed in this announcement. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of ESL, the Company, the Larger Group or the Notes. No listing of the Notes has been, or will be, sought in Hong Kong.

Completion of the Subscription Agreement is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated in certain circumstances. Please refer to the section below headed “The Subscription Agreement” for further information.

As the Subscription Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENT

Date

15 July 2021

Parties to the Subscription Agreement

- (a) ESL as the issuer of the Notes;
- (b) the Company as the guarantor of the Notes; and
- (c) The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, J.P. Morgan Securities plc and Credit Suisse (Hong Kong) Limited, as the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners, and The Bank of East Asia, Limited, CMB International Capital Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as the Joint Lead Managers and Joint Bookrunners, in respect of the Notes Issue.

Subject to and in accordance with the provision of the Subscription Agreement, the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners have agreed severally and not jointly to subscribe and pay, or to procure subscriptions and payments for, the aggregate principal amount of the Notes.

ESL and the Company have agreed to pay an underwriting commission to the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners in connection with the Notes Issue. In addition, ESL has agreed to pay certain private banks a commission based on the principal amount of the Notes purchased by private bank clients. The Subscription Agreement provides that ESL and the Company will indemnify the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners against certain liabilities in connection with any loss arising out of the offer and sale of the Notes.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners is an independent third party of the Company and its connected persons.

Any Notes to be issued under the Notes Issue and the related Guarantee have not been, and will not be, registered under the U.S. Securities Act and may not be offered, sold or delivered within the United States. The Notes will be offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act. None of the Notes will be offered to the public in Hong Kong other than to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong and any rules made under that Ordinance and none of the Notes to be issued under the Notes Issue will be placed to any connected persons of the Company.

Condition Precedent of the Subscription Agreement

The obligations of the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners to subscribe and pay for the Notes are conditional upon, among other things:

- (a) the execution and delivery of the Deed of Guarantee, the Deed of Covenant and the Agency Agreement;
- (b) legal opinions dated the Closing Date and addressed to the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners in each case in the form acceptable to them;
- (c) comfort letters dated the date of the Subscription Agreement and the Closing Date and addressed to the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners from the independent auditors of the Company in a form acceptable to the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners;
- (d) there has, since the date of the Subscription Agreement up to and including the Closing Date, in the opinion of the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners, been no adverse change, or any development reasonably likely to involve an adverse change, in the financial position or the earnings, business affairs or business prospects of ESL, the Company or any of their respective subsidiaries that is material in the context of the Notes Issue or the giving of the Guarantee;

- (e) the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners receive on the Closing Date the approval in-principle of the SGX-ST in relation to the listing of the Notes on the SGX-ST; and
- (f) the execution and delivery (as the case may be) of any other certificates or documents in connection with the Subscription Agreement or the Notes Issue as the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners may reasonably request in form and substance satisfactory to the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners.

The Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners may, at their discretion, waive satisfaction of any of the conditions specified in the conditions precedent of the Subscription Agreement.

Termination of the Subscription Agreement

The Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners may give a termination notice to ESL and the Company at any time prior to the payment of the net proceeds of the Notes Issue to ESL on the Closing Date if:

- (i) any representation and warranty by ESL or the Company in the Subscription Agreement is or proves to be untrue or incorrect on the date of the Subscription Agreement or on any date on which it is deemed to be repeated;
- (ii) ESL or the Company fails to perform any of its obligations under the Subscription Agreement;
- (iii) any of the conditions precedent is not satisfied or waived by the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners on the Closing Date;
- (iv) since the date of the Subscription Agreement there has been, in the opinion of the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners, such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would in their view be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market;
- (v) there shall have occurred a general moratorium on, or disruption in, commercial banking activities, securities settlement or clearance services in the United Kingdom, the United States, the PRC, Hong Kong, Bermuda or the British Virgin Islands or by any United Kingdom, United States, the PRC, Hong Kong, Bermuda or the British Virgin Islands authorities which would be likely to prejudice materially the success of the offering and distribution of the Notes or dealings in the Notes in the secondary market;

- (vi) since the date of the Subscription Agreement there shall have occurred a suspension or material limitation of: (i) trading in securities generally on the New York Stock Exchange, the London Stock Exchange, the Stock Exchange, the SGX-ST, the Shanghai Stock Exchange or the Shenzhen Stock Exchange or on any other exchange or over the counter market or (ii) a material disruption has occurred in the commercial banking or securities settlement or clearance services in the United States, Europe, Hong Kong or the PRC or (iii) save for any suspension of dealings for a period of not more than one business day following the publication of any announcement in respect of the offering of the Notes, trading in securities of the Company on the Stock Exchange;
- (vii) ESL and the Company withdraw the Final Offering Circular or do not proceed with the Notes Issue; or
- (viii) there shall have occurred any event or series of events (including, but not limited to, the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would likely prejudice materially the success of the offering or distribution of the Notes as described in the offering circulars relating to the Notes.

PRINCIPAL TERMS OF THE NOTES

Notes Offered

Subject to certain conditions to completion, ESL will issue the Notes in the aggregate principal amount of U.S.\$300,000,000 which will mature on 21 July 2025 (the “Maturity Date”), unless the Notes are redeemed earlier pursuant to the respective terms thereof. At maturity, the Notes are payable at their principal amount.

Issue Price

The issue price of the Notes will be 100.00 per cent. of the principal amount.

Interest

The Notes will bear interest from 21 July 2021 (the “Issue Date”) at the rate of 5.45 per cent. per annum, payable semi-annually in arrear on 21 January and 21 July in each year (each, an “Interest Payment Date”).

Ranking of the Notes and the Guarantee

The Notes will constitute direct, general, unconditional, unsubordinated and (subject to condition 3 of the terms and conditions of the Notes) unsecured obligations of ESL which will at all times rank *pari passu* without any preference or priority among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the ESL, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

The Company will in the Deed of Guarantee unconditionally and irrevocably guarantee the due and punctual payment of all sums from time to time payable by ESL in respect of the Notes. The Guarantee will constitute direct, general, unconditional, unsubordinated and (subject to condition 3 of the terms and conditions of the Notes) unsecured obligations of the Company which will at all times rank at least *pari passu* with all other present and future unsecured obligations of the Company, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Redemption at the option of ESL

ESL may redeem the Notes in whole or in part, at any time on or after 21 July 2024, at 101 per cent. of the principal amount of the Notes to be redeemed, together with accrued and unpaid interest to such date fixed for redemption specified in the optional redemption notice.

Redemption for Change of Control

At any time following the occurrence of a Change of Control, the Holder of any Note will have the right, at such Holder's option, to require ESL to redeem all but not some only of that Holder's Notes on the Change of Control Put Date at 101 per cent. of their principal amount, together with accrued interest to, but excluding the Change of Control Put Date.

Events of Default

The Notes may become immediately due and payable at their principal amount, together with accrued interest on the occurrence of certain events of default such as non-payment, breach of certain obligations owed by ESL or the Company, cross-default, winding up and others.

THE COMPANY AND REASONS FOR THE NOTES ISSUE

The Company is an investment holding company and is primarily engaged in property development, repositioning and investment. The principal subsidiaries of the Company are primarily engaged in property enhancement, development and property investment in Hong Kong, the PRC and Macau. The Board considers that the Notes Issue represents a timely opportunity for the Group to supplement the funding for its future property investments. The Board believes that the Notes Issue will further extend the profile of the Group and improve its ability to access the international debt capital markets to support the growth of the Group in the future.

The completion of the Notes Issue is subject to satisfaction of certain conditions. If the Notes Issue completes, the entire amount of the net proceeds will be on-lent by ESL to the Company and/or other members of the Larger Group, which will be used for general working capital of the Larger Group and repayment of certain debt obligations.

LISTING

Approval in-principle has been received for the listing of the Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made or opinions expressed in this announcement. Admission of the Notes to the Official List of the SGX-ST and quotation of the Notes on the SGX-ST is not to be taken as an indication of the merits of ESL, the Company, the Larger Group or the Notes.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Agency Agreement”	the Fiscal Agency Agreement among the Company, ESL, the Registrar, the Fiscal Agent and Citibank, N.A., London Branch as transfer agent and paying agent to be executed on or about the Closing Date
“Change of Control”	occurs when either: (i) the Controlling Shareholder:

- (A) ceases to hold, directly or indirectly, at least 30 per cent. of the voting rights of the issued share capital of the Company (except for the 14 calendar day period immediately following any temporary disposal of shares of the Company by the Controlling Shareholder in connection with a private placement of the existing shares of the Company where there is a top-up placing by way of an issue of new shares of the Company to the Controlling Shareholder within 14 calendar days from the date of the relevant placing agreement and the amount of such new shares of the Company to be issued is equal to the amount of shares of the Company disposed by the Controlling Shareholder and no net disposal proceeds are received by the Controlling Shareholder after such top-up placing); or
 - (B) ceases to be the largest single shareholder of the Company; or
- (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other Person other than the Controlling Shareholder, unless the consolidation, merger, sale or transfer will result in the Controlling Shareholder:
 - (A) holding, directly or indirectly, at least 30 per cent. of the voting rights of the issued share capital of the Company (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer); and
 - (B) being the largest single shareholder of the Company (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer)

“Change of Control Put Date”	the 14th day after the expiry of 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Noteholders by ESL, the Registrar and the Fiscal Agent
“Closing Date”	21 July 2021
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	the aggregate shareholdings of Mr. Chung and: <ul style="list-style-type: none"> (i) any heir, estate, lineal descendent (or spouse thereof), spouse or parent of Mr. Chung and/or any of their associated companies (as defined in the Listing Rules); or (ii) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners, owners or Persons are, or are controlled by, Mr. Chung and/or such other Persons referred to in paragraph (i) above.
“Deed of Covenant”	the Deed of Covenant to be executed by ESL on or about the Closing Date
“Deed of Guarantee”	the Deed of Guarantee to be executed by the Company on or about the Closing Date
“Directors”	the directors of the Company
“ESL”	Estate Sky Limited, a company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company
“Final Offering Circular”	the final offering circular to be dated the date of the Subscription Agreement prepared in connection with the Notes Issue
“Fiscal Agent”	Citicorp International Limited

“Global Note Certificate”	a global certificate by which the Notes will be represented
“Group”	the Company and its subsidiaries
“Guarantee”	the unconditional and irrevocable guarantee given by the Company in respect of the due and punctual payment of all sums from time to time payable by ESL in respect of the Notes
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holder(s)” or “Noteholder(s)”	the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners”	The Hongkong and Shanghai Banking Corporation Limited, UBS AG Hong Kong Branch, J.P. Morgan Securities plc and Credit Suisse (Hong Kong) Limited
“Joint Lead Managers and Joint Bookrunners”	The Bank of East Asia, Limited, CMB International Capital Limited, DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited
“Larger Group”	the Company, its subsidiaries, associated companies and joint ventures from time to time taken as a whole collectively
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Chung”	Mr. Chung Cho Yee, Mico
“Note(s)”	U.S.\$300,000,000 5.45 per cent. Guaranteed Notes due 2025 unconditionally and irrevocably guaranteed by the Company
“Notes Issue”	the issue of the Notes by ESL

“Person”	with respect to a Change of Control and a Controlling Shareholder, includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity)
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“Register”	a register in respect of the Notes outside the United Kingdom
“Registrar”	Citibank, N.A., London Branch
“Share(s)”	ordinary share(s) of HK\$0.008 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement dated 15 July 2021 entered into among ESL, the Company and the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners in connection with the Notes Issue
“U.S.” or “United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“U.S.\$”	United States dollar, the lawful currency of the United States
“U.S. Securities Act”	United States Securities Act of 1933, as amended

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

Hong Kong, 16 July 2021

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, Mr. Fong Man Bun, Jimmy, Mr. Ho Lok Fai and Mr. Leung King Yin, Kevin; and the independent non-executive directors of the Company are Dr. Lam Lee G., Mr. Cheng Yuk Wo, Hon. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP.