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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 THE DISPOSAL OF CERTAIN GUANGZHOU R&F NOTES

THE DISPOSAL

On 5 March 2021, Mark Well and CSI Financial (both wholly-owned subsidiaries of the Company) disposed of the Disposed Guangzhou R&F Notes on the open market at an aggregate consideration (including unpaid interests accrued) of approximately US\$5.09 million (equivalent to approximately HK\$39.53 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 Disposal, after aggregating with the Previous Disposals (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 Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 5 March 2021, Mark Well and CSI Financial (both wholly-owned subsidiaries of the Company) disposed of the Disposed Guangzhou R&F Notes in an aggregate notional amount of US\$5.00 million (equivalent to HK\$38.84 million) on the open market at an aggregate consideration (including unpaid interests accrued) of approximately US\$5.09 million (equivalent to approximately HK\$39.53 million).

As the Disposal was conducted on the open market, the Company is not aware of the identities of the purchasers of the Disposed Guangzhou R&F Notes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the purchasers of the Disposed Guangzhou R&F Notes and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

INFORMATION OF THE DISPOSED GUANGZHOU R&F NOTES

The Disposed Guangzhou R&F Notes comprise:

- (i) the 9.125% Guangzhou R&F Notes due 2022 in the notional amount of US\$1.00 million (equivalent to approximately HK\$7.77 million) which are listed and quoted on the Singapore Stock Exchange held by Mark Well;
- (ii) the 5.75% Guangzhou R&F Notes due 2022 in the notional amount of US\$1.00 million (equivalent to approximately HK\$7.77 million) which are listed and quoted on the Singapore Stock Exchange held by CSI Financial; and
- (iii) the 8.875% Guangzhou R&F Notes due 2021 in the notional amount of US\$3.00 million (equivalent to approximately HK\$23.30 million) which are listed and quoted on the Singapore Stock Exchange held by Mark Well.

As at 30 September 2020, the carrying value of the Disposed Guangzhou R&F Notes was approximately HK\$36.98 million. The net profits (both before and after taxation and extraordinary items) attributable to the Disposed Guangzhou R&F Notes from 1 April 2020 to their dates of disposal are approximately HK\$2.73 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Securities investment is one of the principal business activities of the Group and the Disposal 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. The Group reviews the performance of its investment portfolio and makes adjustment to the same from time to time in order to optimise the return to the Group. The Disposal provides an opportunity for the Group to realise its investment in the Disposed Guangzhou R&F Notes and re-allocate its resources for other investments when suitable opportunities arise.

As the Disposal was conducted on the open market, the Directors are of the view that the terms of the Disposal (including the consideration) are fair and reasonable and the Disposal is in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

As a result of the Disposal and subject to audit, it is expected that the Group will record a gain before tax and non-controlling interest of approximately HK\$1.51 million in the current financial year. The gain represents the difference between the consideration and the carrying value of the Disposed Guangzhou R&F Notes, less unpaid interest accrued.

The Directors intend to apply the proceeds from the Disposal as general working capital and/or for other investments when suitable opportunities arise.

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 sales of securities and investment holding.

CSI Financial 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 sales of securities and investment holding.

INFORMATION OF GUANGZHOU R&F

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.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal, after aggregating with the Previous Disposals (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 Disposal 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:

“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
“CSI Financial”	CSI Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Disposal”	the disposal of the Disposed Guangzhou R&F Notes by Mark Well and CSI Financial on the open market on 5 March 2021, details of which are set out in the section headed “THE DISPOSAL” in this announcement
“Disposed Guangzhou R&F Notes”	collectively: (i) the 9.125% Guangzhou R&F Notes due 2022 in the notional amount of US\$1.00 million (equivalent to approximately HK\$7.77 million) which are listed and quoted on the Singapore Stock Exchange; (ii) the 5.75% Guangzhou R&F Notes due 2022 in the notional amount of US\$1.00 million (equivalent to approximately HK\$7.77 million) which are listed and quoted on the Singapore Stock Exchange; and (iii) the 8.875% Guangzhou R&F Notes due 2021 in the notional amount of US\$3.00 million (equivalent to approximately HK\$23.30 million) which are listed and quoted on the Singapore Stock Exchange
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“PRC”	the People’s Republic of China
“Previous Disposals”	collectively, the disposal of: (i) the 7% Guangzhou R&F Notes due 2021 in the notional amount of US\$2.00 million (equivalent to approximately HK\$15.53 million) which are listed and quoted on the Berlin Stock Exchange and the Singapore Stock Exchange on open market in December 2020; (ii) the 5.75% Guangzhou R&F Notes due 2022 in the notional amount of US\$2.00 million (equivalent to approximately HK\$15.53 million) which are listed and quoted on the Singapore Stock Exchange on open market in December 2020; (iii) the 5.75% Guangzhou R&F Notes due 2022 in the notional amount of US\$2.00 million (equivalent to approximately HK\$15.53 million) which are listed and quoted on the Singapore Stock Exchange on open market in January 2021; (iv) the 7% Guangzhou R&F Notes due 2021 in the notional amount of US\$2.10 million (equivalent to approximately HK\$16.31 million) which are listed and quoted on the Berlin Stock Exchange and the Singapore Stock Exchange on open market in February 2021; and

- (v) the 5.75% Guangzhou R&F Notes due 2022 in the notional amount of US\$6.00 million (equivalent to approximately HK\$46.60 million) which are listed and quoted on the Singapore Stock Exchange on open market in February 2021

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“US\$”

United States dollars, the lawful currency of the United States of America

“%”

per cent.

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

Hong Kong, 15 March 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 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 US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.767. 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*