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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.\$150,000,000 10.50 PER CENT. GUARANTEED NOTES DUE 2028 TO BE GUARANTEED BY THE COMPANY

Reference is made to the announcement of the Company dated 14 May 2025 in respect of, inter alia, the New Notes Issue.

* For identification purpose only

The Board is pleased to announce that on 14 May 2025, the Company and ESL, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement with J.P. Morgan Securities (Asia Pacific) Limited, The Hongkong and Shanghai Banking Corporation Limited and UBS AG Hong Kong Branch, each as a Joint Global Coordinator, Joint Lead Manager and Joint Bookrunner and Deutsche Bank AG, Hong Kong Branch and Morgan Stanley & Co. International plc, each as a Joint Lead Manager and Joint Bookrunner, in connection with the New Notes Issue. China CITIC Bank International Limited and Guotai Junan Securities (Hong Kong) Limited act as Co-Managers in connection with the New Notes Issue.

The estimated net proceeds from the New Notes Issue, after deduction of the underwriting commissions and estimated offering expenses, will amount to approximately U.S.\$141 million. The entire amount of the net proceeds will be on-lent by ESL to the Company and/or other members of the Group, which will be used for repayment of certain debt obligations (including without limitation, for funding the purchase of the 2025 Notes validly tendered pursuant to the Offer).

Approval in-principle has been obtained for the listing of the New 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 New Notes to the Official List of the SGX-ST and quotation of the New 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 New Notes. No listing of the New 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

14 May 2025

Parties to the Subscription Agreement

- (a) ESL as the issuer of the New Notes;
- (b) the Company as the guarantor of the New Notes; and

- (c) J.P. Morgan Securities (Asia Pacific) Limited, The Hongkong and Shanghai Banking Corporation Limited and UBS AG Hong Kong Branch, as the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners, and Deutsche Bank AG, Hong Kong Branch and Morgan Stanley & Co. International plc, as the Joint Lead Managers and Joint Bookrunners, in respect of the New 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 New Notes.

Deutsche Bank AG, Hong Kong Branch, Morgan Stanley & Co. International plc and the Co-Managers will not be taking any allocation of the New 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 New Notes Issue. 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 New 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 New Notes to be issued under the New 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 New 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 New 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 New Notes to be issued under the New 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 New 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 New 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 New 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 New 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 New 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 New Notes or dealings in the New 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 New Notes or dealings in the New 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 New 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 New 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 New Notes as described in the offering circulars relating to the New Notes.

PRINCIPAL TERMS OF THE NEW NOTES

New Notes Offered

Subject to certain conditions to completion, ESL will issue the New Notes in the aggregate principal amount of U.S.\$150,000,000 which will mature on 21 May 2028 (the “**Maturity Date**”), unless the New Notes are redeemed earlier pursuant to the respective terms thereof. At maturity, the New Notes are payable at their principal amount.

Issue Price

The issue price of the New Notes will be 95.48 per cent. of the principal amount.

Interest

The New Notes will bear interest from 21 May 2025 (the “**Closing Date**”) at the rate of 10.50 per cent. per annum, payable semi-annually in arrear on 21 May and 21 November in each year (each, an “**Interest Payment Date**”), commencing on 21 November 2025.

Ranking of the New Notes and the Guarantee

The New Notes will constitute direct, general, unconditional, unsubordinated and (subject to condition 3.1 of the terms and conditions of the New 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 New Notes. The Guarantee will constitute direct, general, unconditional, unsubordinated and (subject to condition 3.1 of the terms and conditions of the New 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.

Negative Pledge

So long as any New Note remains outstanding:

- (a) neither ESL nor the Company shall, and the Company shall procure that none of its material subsidiaries (other than any listed subsidiaries) will, create or permit to subsist any security interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any relevant indebtedness (as defined in the terms and conditions of the New Notes) or guarantee of such relevant indebtedness; and

- (b) neither ESL nor the Company shall, and the Company shall procure that none of its subsidiaries will, directly or indirectly, create, incur, assume or permit to exist any lien (other than permitted liens (as defined in the terms and conditions of the New Notes)) of any nature whatsoever on or over any part or unit of any Specified Asset held by it,

without (i) at the same time or prior thereto securing the New Notes equally and rateably therewith or (ii) providing such other security for the New Notes as may be approved by an extraordinary resolution of Noteholders.

Covenants

For so long as any of the 2025 Notes remain outstanding, the Company undertakes to:

- (a) deposit, or procure to be deposited, an amount equal to an amount not less than the aggregate principal amount of the 2025 Notes outstanding from time to time (the “**Specified Balance**”) into designated accounts held by a wholly-owned subsidiary of the Company by no later than three Hong Kong business days after the Tender Offer Settlement Date (the “**Last Deposit Date**”);
- (b) apply funds held in the designated accounts only for the purposes of redemption, repurchase and/or repayment of the 2025 Notes;
- (c) subject to paragraph (b), maintain an amount not less than the Specified Balance at all times in the designated accounts;
- (d) make the below documents available for 30 Hong Kong business days to the Noteholders for inspection on the Company’s website at the timing prescribed below:
 - (i) within five Hong Kong business days after each of the Last Deposit Date and 30 June 2025 (each of the Last Deposit Date and 30 June 2025 being a “**Designated Account Report Date**”), a certificate signed by a director or duly authorised officer of the Company certifying the amount standing to the credit of each designated account together with an electronic confirmation from the banks showing such amount as at the relevant Designated Account Report Date; and
 - (ii) as soon as reasonably practicable after each Designated Account Report Date, statements or advice issued by the banks showing the amount standing to the credit of the designated account as at the relevant Designated Account Report Date; and

- (e) the Company shall procure that its subsidiary which is holding a Specified Asset shall not incur or permit to remain outstanding any financial indebtedness other than:
 - (i) any financial indebtedness which is outstanding on the Closing Date (the “**Existing Financial Indebtedness**”);
 - (ii) any financial indebtedness which is incurred by a subsidiary which is holding a Specified Asset (acting reasonably) in the ordinary course of its business and which is not relating to borrowings; and
 - (iii) any refinancing of the Existing Financial Indebtedness provided that, the amount of financial indebtedness to be incurred shall not exceed the Existing Financial Indebtedness which it refinances.

Redemption by ESL on specified dates

ESL shall redeem U.S.\$22,500,000 in aggregate principal amount of the New Notes at their principal amount on each of 21 November 2026 and 21 May 2027, in each case together with accrued and unpaid interest, if any, to (but excluding) such date fixed for redemption on a pro rata basis by way of a proportional reduction in the principal amount of each New Note.

Redemption at the option of ESL

ESL may redeem the New Notes in whole or in part, at any time on or after 21 May 2027, at 103 per cent. of the principal amount of the New 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 New Note will have the right, at such Holder’s option, to require ESL to redeem all but not some only of that Holder’s New 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 New 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 covenants, breach of certain obligations owed by ESL or the Company, cross-default, winding up and others.

THE COMPANY AND REASONS FOR THE NEW 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 New Notes Issue represents a timely opportunity for the Group to supplement the funding for its future property investments. The Board believes that the New 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 New Notes Issue is subject to satisfaction of certain conditions. If the New Notes Issue completes, the net proceeds will be on-lent by ESL to the Company and/or other members of the Group, which will be used for repayment of certain debt obligations (including without limitation, for funding the purchase of the 2025 Notes validly tendered pursuant to the Offer).

The Company expects that the New Notes Issue will not affect the intended use of proceeds of the Strategic Funding & Partnership Proposal as mentioned in the Prospectus dated 21 March 2025 in relation thereto published by the Company on the Stock Exchange.

LISTING

Approval in-principle has been received for the listing of the New 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 New Notes to the Official List of the SGX-ST and quotation of the New 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 New Notes.

GENERAL

The same information as contained in this announcement is concurrently published by ESL on SGX-ST.

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
“Co-Managers”	China CITIC Bank International Limited and Guotai Junan Securities (Hong Kong) Limited
“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: (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 dated the date of the Subscription Agreement prepared in connection with the New Notes Issue
“Fiscal Agent”	Citicorp International Limited
“Global Note Certificate”	a global note certificate by which the New 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 New Notes
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Holder(s)” or “Noteholder(s)”	the person in whose name such New 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”	J.P. Morgan Securities (Asia Pacific) Limited, The Hongkong and Shanghai Banking Corporation Limited and UBS AG Hong Kong Branch
“Joint Lead Managers and Joint Bookrunners”	Deutsche Bank AG, Hong Kong Branch and Morgan Stanley & Co. International plc
“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

“New Note(s)”	U.S.\$150,000,000 10.50 per cent. Guaranteed Notes due 2028 unconditionally and irrevocably guaranteed by the Company
“New Notes Issue”	the issue of the New 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 New Notes outside the United Kingdom
“Registrar”	Citibank, N.A., London Branch
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$0.016 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specified Asset”	each of the following: (a) In Point Shopping Mall, Levels 1-2, Level 7 (Corridor), No. 169 Wujiang Road, and basement level 1 at No. 1, Lane 333, Shimen 1st Road, Jing’an District, Shanghai, the PRC; (b) Richgate Plaza, Level 1, Level 2 and basement Level 1, Nos. 1-6, Lane 222 Madang Road, Huangpu District, Shanghai, the PRC; (c) Hong Kong Health Check Tower, Nos. 241 and 243 Nathan Road, Jordan, Kowloon, Hong Kong; (d) FOCO, 48 Cochrane Street, Central, Hong Kong;

	(e) House B, “8-12 Peak Road”, No. 10 Peak Road, The Peak, Hong Kong; and
	(f) 92 per cent. interest in Cadenza, No. 333 Fan Kam Road, Sheung Shui, New Territories, Hong Kong (excluding No. 333C Fan Kam Road)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the agreement dated 14 May 2025 entered into among ESL, the Company and the Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners in connection with the New Notes Issue
“Tender Offer Settlement Date”	the later of the (i) settlement date of the Offer and (ii) completion of the markdown of the 2025 Notes repurchased pursuant to the Offer
“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
CSI Properties Limited
Tang Wallace
Company Secretary

Hong Kong, 14 May 2025

As at the date of this announcement, the executive Directors are Mr. Chung Cho Yee, Mico (Chairman), Mr. Kan Sze Man, Mr. Chow Hou Man, Mr. Ho Lok Fai, Mr. Leung King Yin, Kevin and Ms. Chung Yuen Tung, Jasmine; and the independent non-executive Directors are Mr. Cheng Yuk Wo, Mr. Shek Lai Him, Abraham, GBS, JP and Dr. Lo Wing Yan, William, JP.