



## CSI PROPERTIES LIMITED

資本策略地產有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

*Executive Directors:*

Mr. Chung Cho Yee, Mico (Chairman)

Mr. Kan Sze Man

Mr. Chow Hou Man

Mr. Ho Lok Fai

Mr. Leung King Yin, Kevin

Ms. Chung Yuen Tung, Jasmine

*Independent non-executive Directors:*

Mr. Cheng Yuk Wo

Mr. Shek Lai Him, Abraham, GBS, JP

Dr. Lo Wing Yan, William, JP

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Principal place of business in Hong Kong:*

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12 Harcourt Road

Central

Hong Kong

21 March 2025

*To the Qualifying Shareholders,*

Dear Sir or Madam,

**(1) UNDERWRITTEN RIGHTS ISSUE ON THE BASIS OF  
EIGHTEEN (18) RIGHTS SHARES FOR EVERY TEN (10) SHARES  
AND  
(2) ISSUE OF BONUS WARRANTS TO SHAREHOLDERS**

### INTRODUCTION

References are made to the Announcement and the Circular in relation to, among other matters, the Rights Issue and the Bonus Warrants Issue.

On 2 February 2025, the Company announced the Strategic Funding & Partnership Proposal, under which, among others, the Company proposed the Rights Issue on the basis of eighteen (18) Rights Shares for every ten (10) Shares held on the Record Date at the Subscription Price of HK\$0.18 per Rights Share, to raise gross proceeds of approximately HK\$1,492 million (before expenses), by way of the Rights Issue. The Rights Issue would involve the issue of a maximum of 8,288,810,708 Rights Shares to the Qualifying Shareholders. The Rights Issue will not be extended to the Non-Qualifying Shareholders.

The Company is also making the Bonus Warrants Issue to Qualifying Shareholders on the basis of one (1) Bonus Warrant for every ten (10) Shares held on the Record Date, with the aim to further enhance Shareholders' participation in the Company's future development. Each Bonus Warrant will entitle the holder thereof to subscribe in cash for one (1) Bonus Warrant Share at a Warrant Subscription Price of HK\$0.22 (subject to adjustment). The maximum number of Bonus Warrants to be issued to Qualifying Shareholders is 460,489,483 Bonus Warrants, and upon the full exercise of the Warrant Subscription Rights attaching to the Bonus Warrants, a maximum of 460,489,483 Bonus Warrant Shares will be issued.

The Rights Issue and the Bonus Warrants Issue were conditional on, among others, the approval of the Share Consolidation and the Authorised Share Capital Increase by the Shareholders at the SGM.

At the SGM held on 6 March 2025, all of the ordinary resolutions to approve the Share Consolidation, the Authorised Share Capital Increase, the Rights Issue, the Bonus Warrants Issue and the transactions contemplated by those transactions were also duly passed. The results of the SGM were set out in the Company's announcement of the same date.

Accordingly, the Share Consolidation and the Authorised Share Capital Increase became effective on Monday, 10 March 2025. Shareholders may refer to the Circular for the details in relation to, among others, the trading arrangement and the exchange of share certificates in connection with the Share Consolidation, the Authorised Share Capital Increase and the Change in Board Lot Size.

The Company has provisionally allotted Rights Shares on the basis of eighteen (18) Rights Shares for every ten (10) Shares held by Qualifying Shareholders at the close of business on the Record Date. The Company will also issue, on or before Monday, 7 April 2025, a maximum of 460,489,483 Bonus Warrants to the Qualifying Shareholders on the basis of one (1) Bonus Warrant for every ten (10) Shares held on the Record Date.

The purpose of this Prospectus is to provide you with further details of the Rights Issue and the Bonus Warrants Issue, including information on dealings in and transfer of the provisional allotments of the Rights Shares in nil paid form, and the procedure for the acceptance and transfer of the provisional allotments of Rights Shares and certain financial and other information of the Company.

## **THE RIGHTS ISSUE**

The Company proposes to raise gross proceeds of approximately HK\$1,492 million by issuing a maximum of 8,288,810,708 Rights Shares at the Subscription Price of HK\$0.18 per Rights Share on the basis of 18 Rights Shares for every 10 Shares held on the Record Date.

Subject to fulfilment of the conditions of the Rights Issue, the Rights Issue is underwritten by the Underwriter. The Rights Issue is being made available to Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.



The principal terms of the Rights Issue are set out below:

#### **Rights Issue Statistics**

Basis of the Rights Issue:	<p>Eighteen (18) Rights Shares for every ten (10) Shares held by Qualifying Shareholders at the close of business on the Record Date and so in proportion for any other number of whole multiples of ten (10) Shares then held.</p> <p>Qualifying Shareholders were allotted nil-paid Rights Shares strictly based on whole multiples of ten (10) Shares held. Accordingly, Qualifying Shareholders with fewer than ten (10) Shares were not allotted any Rights Share.</p>
Subscription Price:	HK\$0.18 per Rights Share
Number of Shares in issue as at the Record Date and the Latest Practicable Date:	4,604,894,838 Shares
Number of Rights Shares to be issued under the Rights Issue:	A maximum of 8,288,810,708 Rights Shares
Undertaken Shares:	<p>A total of 6,435,997,850 Rights Shares comprising:</p> <ul style="list-style-type: none"><li>(i) 4,661,254,854 and 18,000 Rights Shares provisionally allotted to Earnest Equity and Golden Boost, which are wholly-owned subsidiaries of Newco, respectively; and</li><li>(ii) 1,774,724,996 excess Rights Shares to be applied for by Golden Boost as a Qualifying Shareholder on an EAF.</li></ul>
Number of Rights Shares underwritten:	The Underwriter has agreed to underwrite a maximum of 1,852,812,858 Rights Shares. The exact number of Rights Shares underwritten will be subject to the results of acceptances of provisional allotments and applications of EAFs.
Total number of issued Shares as enlarged by the allotment and issue of the Rights Shares (assuming a maximum number of 8,288,810,708 Rights Shares are issued and all Rights Shares are fully taken up):	12,893,705,546 Shares

Amount to be raised before expenses                      Approximately HK\$1,492 million  
(assuming the Rights Issue is fully taken  
up):

Rights of excess applications:                      Qualifying Shareholders may apply for Rights  
Shares in excess of their provisional allotments.

Under the Rights Issue, the maximum number of 8,288,810,708 Rights Shares to be issued would represent approximately 180.00% of the total issued Shares as at the Latest Practicable Date and approximately 64.29% of the total issued Shares as enlarged by the Rights Shares. The aggregate nominal value of the Rights Shares will be approximately HK\$132.62 million.

The Board considers that the Rights Issue is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

### **Subscription Price**

The Subscription Price of HK\$0.1800 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 5.88% over the theoretical closing price of HK\$0.1700 per Share based on the Closing Price;
- (ii) a premium of approximately 5.14% over the average theoretical closing price of HK\$0.1712 per Share based on the average closing price of HK\$0.0856 per Old Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 5.26% over the average theoretical closing price of HK\$0.1710 per Share based on the average closing price of HK\$0.0855 per Old Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 2.04% over the theoretical ex-entitlement price of HK\$0.1764 per Share derived from (a) the theoretical closing price of HK\$0.1700 per Share based on the Closing Price, (b) the gross proceeds of the Rights Issue of approximately HK\$1,492 million and (c) the total number of theoretical Shares upon completion of the Rights Issue;
- (v) a premium of approximately 5.88% over the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on the Latest Practicable Date;



- (vi) a discount of approximately 93.55% to the latest published consolidated NAV of approximately HK\$2.7899 per Share based on the consolidated NAV attributable to the Shareholders as at 30 September 2024 of approximately HK\$12,847.27 million as disclosed in the interim report of the Company for the six months ended 30 September 2024 and 4,604,894,838 Shares in issue as at the Latest Practicable Date; and
- (vii) no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of the theoretical diluted price of approximately HK\$0.1769 per Share to the benchmarked price of HK\$0.1712 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the Closing Price and the average of the closing prices as quoted on the Stock Exchange for the last five (5) consecutive trading days prior to the date of the Announcement of HK\$0.0856 per Old Share).

The net price per Rights Share (i.e. the Subscription Price) less costs and expenses incurred in the Rights Issue) to be received by the Company upon full acceptance of the provisional allotments of Rights Shares is estimated to be approximately HK\$0.1766.

The Subscription Price was determined by the Company with reference to, in principle, (i) the intention that the Rights Issue should be non-price dilutive; (ii) the amount of funds the Company intended to raise under the Rights Issue; (iii) the theoretical market price of the Shares under the market conditions preceding and including the date of the Announcement; and (iv) the intention of the Board to issue at a premium to the theoretical market price of the Shares which the Board considered would send a positive signal to the market and demonstrate the Investor's confidence in the Company, and thus be acceptable and welcomed by the Shareholders.

### **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid, the record dates of which are on or after the date of allotment and issue of the fully-paid Rights Shares.

### **Qualifying Shareholders**

The Rights Issue is only available to Qualifying Shareholders. The Rights Issue is not extended to any Non-Qualifying Shareholder.

To qualify for the Rights Issue, a Shareholder (i) must have been registered as a member of the Company at the close of business on the Record Date; and (ii) not a Non-Qualifying Shareholder.

Shareholders whose Shares are held by nominee (or deposited in CCASS) should note that the Board regards a nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company.

The Prospectus Documents are being made available and/or despatched (as the case may be) to the Qualifying Shareholders. Copies of the Prospectus Documents are also available on the websites of the Company ([www.csigroup.hk](http://www.csigroup.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The Prospectus only (excluding the PAL and EAF) is being made available and/or despatched (as the case may be) to the Non-Qualifying Shareholders for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable. The Company is sending PALs to the Qualifying Shareholders individually in printed form. The Company is sending EAFs to the Qualifying Shareholders individually by email. If the Company does not possess the email address of a Qualifying Shareholder or the email address provided is not functional, the Company will send the EAF to that Qualifying Shareholder in printed form together with a request form for soliciting the Shareholder's functional email address to facilitate electronic dissemination of Actionable Corporate Communications (as defined under the Listing Rules) in the future. The Company will not send the PAL and EAF to the Non-Qualifying Shareholders.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled, and Non-Qualifying Shareholders, should note that their shareholdings in the Company will be diluted.**

#### **Basis of provisional allotments**

The basis of the provisional allotment is eighteen (18) Rights Shares (in nil-paid form) for every ten (10) Shares held by a Qualifying Shareholders as at the close of business on the Record Date and so in proportion for any other number of whole multiples of ten (10) Shares then held. Qualifying Shareholders were allotted nil-paid Rights Shares strictly based on whole multiples of ten (10) Shares held. Accordingly, Qualifying Shareholders with fewer than ten (10) Shares were not allotted any Rights Share.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the relevant PAL and lodging the same with a remittance by cheque or banker's cashier order for the Rights Shares being applied for with the Share Registrar on or before the Latest Time for Acceptance.

#### **Rights of the Overseas Shareholders**

The Prospectus Documents have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

As at the Latest Practicable Date, there was only one Overseas Shareholder, with a registered address situated in Canada, which is interested in 1,250 Shares (representing approximately 0.000027% of the total issued share capital of the Company).



The Board has made enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the legal restrictions of extending the Rights Issue to such Overseas Shareholder under the laws of Canada and the requirements of the relevant regulatory bodies or stock exchanges. Based on the results of such enquiries obtained from the legal advisers of Canada engaged by the Company as at the Latest Practicable Date, the Company would need to make filings to the relevant authority in Canada to comply with the relevant legal or regulatory requirements therein. The extension of the Rights Issue to such Overseas Shareholder would, or might, in the absence of compliance with registration or other exemption requirements or other specific requirements in Canada, be unlawful or impracticable. The Directors are of the view that it is necessary or expedient not to offer the Rights Shares (in their nil-paid and fully paid forms) to the Overseas Shareholder located in Canada, as the time and costs involved in the filings of the Prospectus Documents and/or other documents and/or obtaining any required approvals by the relevant authorities in Canada and/or additional steps the Company and/or the Overseas Shareholder need to take to comply with the relevant legal or regulatory requirements therein would outweigh any possible benefit to the Company. Accordingly, the Overseas Shareholder whose registered address on the Record Date was in Canada is treated as a Non-Qualifying Shareholder for the purposes of the Rights Issue and is not entitled to participate in the Rights Issue.

As the register of members of the Company had already been closed as at the Latest Practicable Date, there would be no additional Overseas Shareholders and, save for the Overseas Shareholder located in Canada, there would be no Non-Qualifying Shareholder for the purposes of the Rights Issue on the Record Date.

The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction.

It is the responsibility of any person (including, without limitation, a nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy themselves as to the full compliance with the laws of the relevant jurisdictions including the obtaining of any governmental or other consents and observing other formalities which may be required in such jurisdictions, and to pay any taxes, duties and other amounts required to be paid in such jurisdictions in connection therewith. Any acceptance of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that such local laws, regulations and requirements of the relevant territory or jurisdiction have been fully complied with. If you are in any doubt as to your position, you should consult a professional adviser.

**The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted.**

#### **Procedures in respect of Rights Shares of Non-Qualifying Shareholders**

Arrangements have been made for the Rights Shares which would otherwise have been provisionally allotted to any Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained.

Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to any Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be made available for excess applications by Qualifying Shareholders under the EAFs.

#### **No fractional entitlements to the Rights Shares**

Shareholders have been provisionally allotted nil-paid Rights Shares strictly based on whole multiples of ten (10) Shares held on the Record Date. The Company has not provisionally allotted or issued and will not provisionally allot or issue, and will not accept applications for, any fraction of the Rights Shares and the provisional allotments of Qualifying Shareholders have been rounded down to the nearest whole number. All fractions of Rights Share will be aggregated. All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) to a nominee and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold Rights Shares arising from such aggregation will be made available for excess application by Qualifying Shareholders under the EAFs.

#### **Procedures for acceptance and payment and/or transfer**

A PAL is being sent to the Qualifying Shareholder(s) in printed form which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, by no later than 4:00 p.m. on Monday, 7 April 2025. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "CSI Properties Limited – Rights Issue Account" and crossed "ACCOUNT PAYEE ONLY". The benefit of any rounding adjustments will be retained by the Company.

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Share Registrar by no later than 4:00 p.m. on Monday, 7 April 2025, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for application under the EAFs by the Qualifying Shareholders. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.



The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares, or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to transfer all of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it, the Qualifying Shareholder must complete and sign the “FORM OF TRANSFER AND NOMINATION” in the PAL and hand the PAL to the transferee(s) or through whom the Qualifying Shareholder is transferring his/her/its rights. The transferee(s) must then complete and sign the “REGISTRATION APPLICATION FORM” in the PAL and lodge the PAL intact together with a remittance for the full amount payable on acceptance with the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, by not later than 4:00 p.m. on Monday, 7 April 2025.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer or renounce part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Thursday, 27 March 2025 to the Share Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as “splitting” the nil-paid Rights Shares. Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given in this section.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier’s orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier’s order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier’s order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply or subscribe for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will constitute a warranty and representation by such person to the Company that all registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the PAL and any acceptance of it, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application or subscription for or of Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

If the Underwriter exercises the right to terminate or rescind the Rights Issue Underwriting Agreement before the Latest Time for Termination or if the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” below are not fulfilled, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Share Registrar on or before Tuesday, 15 April 2025.

No receipt will be issued in respect of any application monies received.

#### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply, by way of excess application under the EAFs, for additional Rights Share(s) in excess of their provisional allotments. Applications for excess Rights Shares may be made for:

- (i) any Rights Shares which would have been provisionally allotted to Non-Qualifying Shareholders had they been Qualifying Shareholders;
  - (ii) any Rights Shares provisionally allotted to but not validly accepted by Qualifying Shareholders or otherwise subscribed for by renouncees or transferees of Rights Shares in nil-paid form; and
  - (iii) any unsold Rights Shares created by aggregating fractions of Rights Shares in nil-paid form,
- (i) to (iii) are collectively referred to as “**excess Rights Shares**”.



Pursuant to Rule 7.21(3)(a) of the Listing Rules, the Company will allocate the excess Rights Shares (if any) at its discretion but on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of excess Rights Shares applied for;
- (ii) reference will only be made to the number of excess Rights Shares applied for and no reference will be made to the number of Rights Shares comprised in a Shareholder's PAL or the number of Shares held by a Qualifying Shareholder on the Record Date; and
- (iii) if the aggregate number of Rights Shares not taken up by Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for excess Rights Shares all excess Rights Shares applied for by the Qualifying Shareholder.

In applying the above principles, reference will only be made to the number of excess Rights Shares being applied for. No preference will be given to topping up odd lots to whole board lots.

Pursuant to LR7.21(3)(b) of the Listing Rules, the Company will take steps to identify the excess applications made by Mr. Chung and/or his associates (collectively the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard excess applications made by the Relevant Shareholders to the extent that the total number of excess Rights Shares the Relevant Shareholders have applied for exceeds the maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their provisional allotment of Rights Shares.

Shareholders with their Shares held by a nominee (or deposited in CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. In particular, in respect of Shares deposited in CCASS, as all Shares deposited by CCASS participants into CCASS are re-registered in the name of HKSCC Nominees Limited, HKSCC Nominees Limited is treated as a single shareholder for the purpose of allocating the excess Rights Shares. The allocation basis applicable to excess applications submitted by Shareholders will not be extended to beneficial owners holding the Shares through HKSCC Nominees Limited. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS participants pro-rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate, which is pursuant to the allocation basis as stipulated in Rule 8.10.4 (ix) of the HKSCC Operational Procedures. Shareholders should consult their professional advisors if they are in any doubt as to their status.

A Shareholder who applies to take up excess Rights Shares under the EAF may unwittingly cause the public float of the Company to drop below 25%. Accordingly, the allocations of excess Rights Shares to the application of any Shareholder under the EAF may be subject to scaling down as needed to a level which does not cause the Company's public float to drop below 25%. Rights Shares subject to scale down will be available in or towards satisfaction of application for excess Rights Shares by other Qualifying Shareholders. The appropriate amount of application moneys will be refunded to the applicants whose applications are not accepted in full for any reason.

#### **Procedures for application and payment for excess Rights Shares**

If a Qualifying Shareholder wishes to apply for any Rights Shares in addition to his/her/its provisional allotment, he/she/it must complete and sign the enclosed EAF in accordance with the instructions printed thereon and lodge the same with a separate remittance for the amount payable on application in respect of the excess Rights Shares being applied for with the Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, by no later than 4:00 p.m. on Monday, 7 April 2025. All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "CSI Properties Limited – Excess Application Account" and crossed "ACCOUNT PAYEE ONLY". The Share Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them.

If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post at his/her/its own risk by the Share Registrar on or before Tuesday, 15 April 2025. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus remittance without interest is also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post at his own risk by the Share Registrar on or before Tuesday, 15 April 2025.

All cheques or cashier's orders will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques for amounts due, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses by the Share Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions.



No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty and representation from such Qualifying Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If the Underwriter exercises the right to terminate or rescind the Rights Issue Underwriting Agreement before the Latest Time for Termination or if the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled, the Rights Issue will not proceed. The remittances received in respect of applications for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Rights Issue Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 15 April 2025.

#### **Action to be taken by Beneficial Owners holding interests in Shares through CCASS**

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to take up the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or "split" your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the acceptance, transfer and/or "splitting" of your nil-paid Rights Shares. You should consult your professional adviser if in doubt.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed "EXPECTED TIMETABLE" in this Prospectus and otherwise in accordance with the requirements of your intermediary in order to allow your intermediary sufficient time to ensure that your instructions are given effect.

The procedure for acceptance, transfer and/or "splitting" by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the "General Rules of CCASS", the "CCASS Operational Procedures" and any other requirements of CCASS. The procedures for acceptance, transfer and/or "splitting" of Rights Shares provisionally allotted to beneficial owners who have been admitted to participate in CCASS as investor participants shall be in accordance with HKSCC's "Operating Guide for Investor Participants" and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as investor participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners' interests in Rights Shares should be dealt with.

**Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS)**

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to take up the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or “split” your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or “splitting” of your nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “**EXPECTED TIMETABLE**” in this Prospectus and otherwise in accordance with the requirements of the Registered Shareholder in order to allow the Registered Shareholder sufficient time to ensure that your instructions are given effect. You should consult your professional adviser if in doubt.

**Certificates of the Rights Shares and refund cheques**

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 15 April 2025 to their registered addresses.

Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares and excess Rights Shares, or if the Rights Issue does not proceed, are expected to be despatched on or before Tuesday, 15 April 2025 to the applicants without interest to their registered addresses by ordinary post at their own risk.

**Application for listing of the Rights Shares**

The Company has applied to the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

As at the Latest Practicable Date, save for the 2021 Guaranteed Notes which are listed on the Singapore Exchange, no part of the share capital or any other equity or debt securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares, Rights Shares, Bonus Warrants or Bonus Warrant Shares or any other securities of the Company to be listed or dealt in on any stock exchange other than the Stock Exchange.

**Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in their nil-paid forms and fully-paid forms on the Stock Exchange, respectively or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangement and how such arrangements will affect their rights and interests.

Rights Shares in their nil-paid forms and fully-paid forms will be traded on the Stock Exchange in the same board lots of 20,000 Shares.

**Odd lot arrangement**

In order to facilitate the trading of odd lots of the Shares arising from the Share Consolidation and the Change in Board Lot Size, the Company has appointed Computershare Hong Kong Investor Services Limited to provide a matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares during the period from 9:00 a.m. on Monday, 24 March 2025 to 4:00 p.m. on Monday, 14 April 2025 (both days inclusive). Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their brokers, contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or at telephone number (852) 2862 8555 during office hours (i.e. 9:00 a.m. to 4:30 p.m.). Holders of the Shares who would like to match odd lots have to make an appointment in advance by dialling the telephone number of Computershare Hong Kong Investor Services Limited set out above. Holders of odd lots of the Shares should note that the matching of the sale and purchase of odd lots of the Shares is not guaranteed.

**Stamp duty and other applicable fees**

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.



## **Taxation**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of any person resulting from the purchase, holding or disposal of, or dealing in, the Rights Shares in both their nil-paid and fully-paid forms.

## **Fully underwritten basis**

The Rights Issue, other than all the Rights Shares undertaken to be taken up or subscribed for by Newco's subsidiaries, is fully underwritten by the Underwriter. For details, please refer to the section headed **"THE RIGHTS ISSUE UNDERWRITING AGREEMENT"** in this Prospectus.

## **Conditions of the Rights Issue**

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the approval of the Rights Issue, Share Consolidation, Authorised Share Capital Increase and Facilitation Agreement and transactions contemplated by them by those Shareholders (other than those who are required to abstain by the Listing Rules) at the SGM;
- (ii) the granting of the Waiver; and
- (iii) all of the Rights Issue Underwriting Agreement, the Note Subscription Agreement and the Facilitation Agreement having become unconditional, and not having been terminated.

None of the above conditions can be waived. On 5 February 2025, the Waiver was granted by the SFC. On 6 March 2025, the ordinary resolutions approving the Rights Issue, the Share Consolidation, the Authorised Share Capital Increase and the Facilitation Agreement and transactions contemplated by them were duly passed by the Shareholders by way of poll at the SGM. In accordance with Rule 7.27A, Newco and its subsidiaries including (i) Earnest Equity which is interested in 5,179,172,062 Old Shares, representing approximately 56.24% of the total issued share capital of the Company and (ii) Golden Boost which is interested in 20,000 Old Shares, representing approximately 0.0002% of the total issued share capital of the Company, all of which are controlled by Mr. Chung, abstained from voting on the resolutions relating to the Rights Issue and the Facilitation Agreement and transactions contemplated by them at the SGM. Accordingly, as at the Latest Practicable Date, conditions (i) and (ii) above have been fulfilled.

## **Irrevocable Undertaking**

### ***Irrevocable Undertaking by Newco***

As at the Latest Practicable Date, Newco, through Earnest Equity and Golden Boost, beneficially owned 2,589,596,031 Shares, representing approximately 56.24% of the issued Share capital of the Company.

Pursuant to the Irrevocable Undertaking, Newco undertook in favour of the Company, among other things, that:

- (a) Newco will remain as the legal and beneficial owner of the entire issued share capital of each of its wholly-owned subsidiaries holding the 5,179,192,062 Old Shares or, upon the Share Consolidation becoming effective, 2,589,596,031 Shares, and will procure such Old Shares or (as the case may be) the Shares held by them to remain registered in the name of, or held by, such subsidiary until the commencement of dealings in the Rights Shares in fully-paid form;
- (b) Newco shall or shall procure Newco's subsidiaries or nominees (including the CCASS participant(s) holding any such Shares on behalf of any of them) to accept and take up in full a total of 4,661,272,854 nil-paid Rights Shares to be provisionally allotted or transferred to it/them at or before the Latest Time for Acceptance (out of which 2,222,222,222 nil paid Rights Shares will be taken up by Earnest Equity, and 2,439,050,632 nil paid Rights Shares will be taken up by Golden Boost);
- (c) Newco shall or shall procure that Newco's subsidiaries or nominees (including the CCASS participant(s) holding any such Shares on behalf of any of them) to apply (by way of excess application) for 1,774,724,996 Rights Shares; and
- (d) Newco will arrange for sufficient funds in Hong Kong dollars for payment of the subscription monies upon the lodging of the PAL(s) and the EAF(s) by Newco or any of its subsidiaries and procure full payment of the same by such subsidiary(ies).

The agreement of the parties in the Irrevocable Undertaking is conditional on any waivers, consents, authorisations, clearances and approvals which are required under the Listing Rules and the Takeovers Code for the Irrevocable Undertaking and the transactions contemplated therein having been granted, fulfilled or given (as applicable), and all such waivers, consents, authorisations, clearances and approvals not having been revoked or withdrawn.

### ***Irrevocable Undertaking by Mr. Kan Sze Man***

At the Latest Practicable Date, Mr. Kan Sze Man, a Director, beneficially owned 11,895,250 issued Shares, representing approximately 0.26% of the issued Share capital of the Company.



On 23 January 2025 (before trading hours of the Stock Exchange), Mr. Kan Sze Man made an irrevocable undertaking, pursuant to which, Mr. Kan Sze Man undertook in favour of the Company, among other things that:

- (a) he shall not take up any of the 21,411,450 Rights Shares to be provisionally allotted to him or for his benefit under PALs pursuant to the Rights Issue; and
- (b) he shall not apply for any excess Rights Shares under the EAFs.

Save for the above, the Company has not received any information or irrevocable undertakings from any other Shareholders of their intention in relation to the Rights Shares provisionally allotted to them under the Rights Issue as at the Latest Practicable Date.

#### **Other Undertakings**

##### ***Nomination of one Director***

On 23 January 2025 (before trading hours of the Stock Exchange), Digisino, Newco and the Company entered into a letter of undertaking in favour of the Investor, pursuant to which, among other things:

- (a) Digisino and Newco irrevocably agreed and undertook in favour of the Investor, with effect from the Strategic Funding & Partnership Proposal Completion Date and for so long as the Investor remains a shareholder of Newco, to use their respective best endeavours, by exercising or procuring the exercise of all of their and Mr. Chung's votes at the board of directors (subject to his fiduciary duties) and the general meetings at their subsidiaries' level and at the Company level, to (i) procure the appointment of one individual to be nominated by the Investor in writing from time to time (the "**Investor Nominee**") as a non-executive Director; and (ii) ensure that the Investor Nominee will not be removed save and except where the Investor has requested for such removal in writing, and to give effect to the Investor's written request to replace the Investor Nominee from time to time, and, in each case subject to the requirements of the Listing Rules and the memorandum of association and bye-laws of the Company; and
- (b) the Company undertook in favour of the Investor to sign all such documents and do all such things necessary for the appointment of the Investor Nominee on the Strategic Funding & Partnership Proposal Completion Date and any of his/her replacement as notified by the Investor thereafter as a non-executive Director, subject to the requirements of the Listing Rules and the memorandum of association and bye-laws of the Company.

If the Rights Issue is terminated this undertaking shall lapse.



Pursuant to terms of the undertaking, the Company has a contractual obligation to nominate to the Board and the nomination committee of the Company the Investor Nominee nominated by the Investor in writing from time to time as a non-executive Director, which is subject to the requirements of the Listing Rules and the memorandum of association and bye-laws of the Company. Particularly, the nomination of the Investor Nominee as a non-executive Director will be subject to the decision and assessment of the Board and the nomination committee of the Company.

#### **THE RIGHTS ISSUE UNDERWRITING AGREEMENT**

The Rights Shares (other than the Undertaken Shares, i.e., those agreed to be taken up, and applied for, pursuant to the Irrevocable Undertaking) are fully underwritten by the Underwriter in accordance with the terms of the Rights Issue Underwriting Agreement.

The principal terms and conditions of the Rights Issue Underwriting Agreement are summarised below:

Date:	23 January 2025 (before trading hours of the Stock Exchange)
Issuer:	The Company
Underwriter:	<p>The Underwriter, a corporation licensed to carry out business in Type 1 (dealing in securities) regulated activities under the SFO, the ordinary course of business of which includes underwriting of securities.</p> <p>To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter has confirmed that it has complied with LR7.19(1)(a) of the listing Rules.</p>
Number of Rights Shares underwritten by the Underwriter:	The Underwriter has agreed to underwrite a maximum of 1,852,812,858 Rights Shares. The exact number of Rights Shares underwritten will be subject to the results of acceptances of provisional allotments and applications on EAFs.
Underwriting Commission:	2% of the amount equal to the Subscription Price multiplied by the number of Underwritten Shares

Undertaking in respect of public float:

To comply with the public float requirements in the Listing Rules, the Rights Issue Underwriting Agreement expressly sets out the undertakings of the Underwriter for, among other things, ensuring that it and the subscribers procured by it (including any direct and indirect sub-underwriters) would not, by itself or together with its associates, be substantial shareholder or hold 10% or more of the voting rights of the Company as at the date of the Rights Issue Underwriting Agreement or immediately upon completion of the Rights Issue.

Subject to the fulfilment or waiver (where permitted) of the conditions precedent contained in the Rights Issue Underwriting Agreement and provided that the Rights Issue Underwriting Agreement is not terminated before the Latest Time for Termination in accordance with the terms thereof or otherwise, the Underwriter has agreed to subscribe or procure subscribers for the underwritten Rights Shares. The Company has confirmed with the Underwriter that no sub-underwriting will be undertaken in respect of the Rights Issue.

To give effect to the undertaking in respect of public float as mentioned above, the Underwriter will obtain from each subscriber its confirmation to the effect that each subscriber and its ultimate beneficial owners (i) are not, and will not be, a connected person of the Company; and (ii) are and will be independent of the Company or any of its subsidiaries or any existing shareholder of the Company or any of its subsidiaries or any of their respective close associates or any connected person of the Company. The public float requirement under Rule 8.08 of the Listing Rules shall be fulfilled by the Company at all times.

The terms of the Rights Issue Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the parties with reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition and within the range of commission rates charged by underwriters in recent rights issue transactions by companies listed on the Stock Exchange. The Directors are of the view that the terms of the Rights Issue Underwriting Agreement (including the commission rate) are fair and reasonable, and the transactions contemplated under the Rights Issue Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.



As at the Latest Practicable Date, the Underwriter has entered into contractual agreements with 6 subscribers procured by it to distribute all Rights Shares to be underwritten. Each of the 6 subscribers has irrevocably committed to the Underwriter to subscribe for up to a specified number of Rights Shares, with individual commitments ranging between 27,777,777 and 650,000,000 Rights Shares. The distribution of Rights Shares to these 6 subscribers shall be at the discretion of the Underwriter and scaled in accordance with the number of Rights Shares to be underwritten by the Underwriter, which will be subject to the results of acceptances of provisional allotments and applications of EAFs. Assuming their obligations are completely fulfilled after the completion of the Rights Issue, none of the subscribers procured by the Underwriter, together with their respective associates, will be a substantial Shareholder of the Company or holding 10% or more of the voting rights of the Company immediately upon completion of the Rights Issue. Hence, the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules at all times.

#### **Conditions of the Rights Issue Underwriting Agreement**

The Rights Issue Underwriting Agreement is conditional upon the fulfilment (or waiver, where permitted, by the Underwriter) of the following conditions:

- (a) (i) the passing by the Shareholders at the SGM of ordinary resolution(s) to approve the Share Consolidation and Authorised Share Capital Increase; and (ii) the passing by Independent Shareholders at the SGM of ordinary resolution(s) to approve the Rights Issue and the transactions contemplated thereunder in accordance with the Listing Rules, by no later than the date of despatch of the Prospectus Documents;
- (b) the Stock Exchange issuing a certificate of authorisation for registration of the Prospectus, and the Registrar of Companies in Hong Kong issuing written confirmation of the registration of the Prospectus, not later than the date of despatch of the Prospectus Documents in compliance with section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the applicable legal requirements;
- (c) the posting of the Prospectus Documents to Qualifying Shareholders on or before the date of despatch of the Prospectus Documents;
- (d) the Listing Committee granting the listing of, and permission to deal in, the Shares to be in issue on the Share Consolidation becoming effective, and the Rights Shares, in both their nil-paid and fully-paid forms, either unconditionally or subject to such conditions which the Underwriter accept, by no later than the date of despatch of the Prospectus Documents, and such listing and permission to deal not having been withdrawn or revoked and such conditions (if any and where relevant) having been satisfied or not breached;
- (e) the Rights Issue Underwriting Agreement not having been terminated in accordance with its terms;



- (f) the Company having complied with and performed all its undertakings and obligations under the Rights Issue Underwriting Agreement, and the warranties, representations and undertakings of the Company in the Rights Issue Underwriting Agreement remaining true and correct, and not misleading, in each case in material respects;
- (g) any waivers, consents, authorisations, clearances and approvals which are required under the Listing Rules and the Takeovers Code for the Rights Issue Underwriting Agreement and the transactions contemplated therein having been granted, fulfilled or given (as applicable), and all such waivers, consents, authorisations, clearances and approvals not having been revoked or withdrawn at any time up to the Latest Time for Termination;
- (h) the delivery of a certified copy of the Irrevocable Undertaking to the Underwriter, the compliance with, and performance of all obligations specified in the Irrevocable Undertaking, and the Irrevocable Undertaking remaining in full force and effect; and
- (i) each condition to enable the Rights Shares (in their nil-paid or fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused.

Apart from the condition precedent set out in sub-paragraph (f) above which can be waived in whole or in part by the Underwriter unilaterally (but not by the Company) by notice in writing to the Company prior to the Latest Time for Termination, all the conditions precedent are incapable of being waived. If any of the conditions precedent (save and except those that have been waived) are not satisfied by the Latest Time for Termination (or where appropriate, the times stipulated above or such other time and/or date as the Underwriter may agree with the Company in writing), the Rights Issue Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. As at the Latest Practicable Date, condition (a) above has been fulfilled.

#### **Termination of the Rights Issue Underwriting Agreement**

The Underwriter is entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Rights Issue Underwriting Agreement, if at or prior to the Latest Time for Termination:

- (a) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreak of diseases and such related/ mutated forms, economic sanctions, strikes, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong or the PRC;

- (b) the introduction of any new regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever after the signing of the Rights Issue Underwriting Agreement;
- (c) any local, national or international event or change of a social, political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets;
- (d) the occurrence of any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction on trading in securities) in Hong Kong and the PRC;
- (e) any material adverse change, determined by the Underwriter in its sole and absolute opinion, after the signing of the Rights Issue Underwriting Agreement in (i) any aspects of the Rights Issue (including but not limited to its structure, timing or any prior understanding between the parties insofar as the underwriting arrangement therein is concerned) or (ii) the business or in the financial or trading position of any member of the Group;
- (f) the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise;
- (g) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in Hong Kong or adversely affecting an investment in the Rights Shares;
- (h) there has come to the notice of the Underwriter any statement contained in the Prospectus Documents, the Announcement and/or the Circular, and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Rights Issue Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Rights Issue (including any supplement or amendment thereto but excluding information relating to the Underwriter) was, when it was issued, or has become, untrue, incorrect, inaccurate, incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable grounds or reasonable assumptions;



- (i) any non-compliance of the Announcement, the Circular and/or the Prospectus Documents, (or any other documents used in connection with the contemplated subscription and sale of the Rights Shares) or any aspect of the Rights Issue with the Listing Rules or any other applicable laws (including, without limitation, the Companies Ordinance and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) and regulations;
- (j) any litigation, dispute, legal action or claim being threatened or instigated against any member of the Group;
- (k) any matter which, had it arisen or been discovered immediately before the date of despatch of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the sole and absolute opinion of the Underwriter, a material omission in the context of the Rights Issue;
- (l) any contravention by the Company or any member of the Group of any applicable laws and regulations including the Listing Rules and the Takeovers Code; or
- (m) any order or petition for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or any resolution for the winding-up of any material member of the Group or the appointment of a provisional liquidator, receiver or manager over all or substantially all of the material assets or undertaking of any material member of the Group,

which, individually or in the aggregate, in the sole and absolute opinion of the Underwriter:

- (i) has or will or may have a material adverse effect on the business or financial position of the Group taken as a whole;
- (ii) has or will or may have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken-up; or
- (iii) has or will or is likely to have the effect of making any part of the Rights Issue Underwriting Agreement (including underwriting) inadvisable, incapable or impractical of performance in accordance with its terms or preventing or pursuant to the underwriting of the Rights Issue.

In the event the Underwriter exercises its right to terminate the Rights Issue Underwriting Agreement before the Latest Time for Termination, the obligations of all parties thereunder shall terminate forthwith (save in respect of certain rights and obligations under the Rights Issue Underwriting Agreement), provided that such termination shall be without prejudice to any rights or obligations which may have accrued under the Rights Issue Underwriting Agreement prior to such termination.

**If the Underwriter exercises such right, the Rights Issue will not become unconditional and the Rights Issue will not proceed. An announcement will be made if the Rights Issue Underwriting Agreement is terminated by the Underwriter.**

## REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The Company reported a consolidated loss for the 2024 financial year and the interim period ended 30 September 2024, being the Company's first reported annual and interim losses since Mr. Chung acquired control of the Company in 2004. Considering the uncertain capital markets environment and significant downturn of the real estate sector in Hong Kong, the Board has been actively seeking longer-term funding to reposition the Group's balance sheet and in particular, to provide a safety margin to the Group's upcoming debt repayment obligations.

On 2 February 2025, the Company announced the Strategic Funding & Partnership Proposal under which, Gaw Capital, at the invitation of the Controlling Shareholder, will, through its managed funds, become a new long-term strategic investor in the Company, with a view to raising aggregate proceeds of approximately HK\$1,992 million (before the discount on issue of the Senior Unsecured Note and expenses) involving:

- (a) **The Rights Issue** to raise aggregate gross proceeds of approximately HK\$1,492 million, before expenses, of which approximately HK\$1,158 million has been committed under the Irrevocable Undertaking. Pursuant to the Irrevocable Undertaking, Newco has irrevocably undertaken to, and shall procure that Newco's subsidiaries or nominees (including the CCASS participant(s) holding any such Shares on behalf of any of them) to, amongst other things, (i) accept and take up in full a total of 4,661,272,854 nil-paid Rights Shares provisionally allotted or transferred to it/them, equivalent to approximately HK\$839 million; and (ii) apply (by way of excess application) for 1,774,724,996 Rights Shares, equivalent to approximately HK\$319 million. The remaining balance of approximately HK\$334 million is fully underwritten by the Underwriter. For details of the Irrevocable Undertaking, please refer to the section headed "Irrevocable Undertaking" in this Prospectus.
- (b) **The issuance of Senior Unsecured Note** to the Note Subscriber by the Note Issuer in a principal amount of HK\$500 million on normal commercial terms with an interest rate of 8.22% per annum. For details of the Senior Unsecured Note, please refer to the Circular.

Gaw Capital is a well-regarded institutional real estate investor with a strong track record of investing in Asia and other major international markets. For details of the Strategic Funding & Partnership Proposal, please refer to the Announcement and the Circular.

As disclosed in the Circular, the following are the principal factors considered in arriving at the structure and terms of the Strategic Funding & Partnership Proposal, of which the Rights Issue is a part:

- (i) the Group's requirement of up to HK\$2,000 million to strengthen its liquidity and financial stability and enable it to repay the Group's maturing indebtedness and for working capital;

- (ii) the formation of Newco and its related arrangements to anchor the commitment of the Investor while allowing sufficient capital from the Investor to be injected into the Company such that Mr. Chung's control of the Company will be maintained without any obligation to make a mandatory general offer under the Takeovers Code, and at the same time ensuring the Group's ongoing compliance with the covenants of its existing banking facilities, which include the Controlling Shareholder and his family maintaining a minimum 30% beneficial interest in the issued share capital of the Company and being the single largest shareholder of the Company, based on the Business Plans disclosed in the Circular to deleverage and target HK\$9,000 million property sales to enhance Shareholders' value;
- (iii) the Rights Issue will allow Shareholders to participate fairly pro rata to their existing shareholding in the Company and avoid equity dilution by discounted share placements or, issue of equity or quasi-equity instruments to third parties;
- (iv) avoiding dilution for existing Shareholders through pricing the Rights Shares at a premium to the Closing Price; and
- (v) to structure the transaction such that funds to be raised through the Rights Issue and the Senior Unsecured Note satisfies (i) to (iv) above.

The Board initially explored debt financing to address the capital needs of approximately HK\$2,000 million, including the possibility of borrowing the entire amount from Mr. Chung and/or the Investor. However, the Board concluded that relying solely on debt financing would not be an optimal solution given the Group's objective of optimising its capital structure amid the prolonged high interest rates environment and challenging market conditions. Additionally, securing a loan of such substantial amount for a property development and investment company under the prevailing market conditions would likely have been both difficult and costly. Consequently, the Board determined equity fundraising would be a more effective and sustainable approach.

Nonetheless, a placing of new Shares under the general mandate would not have been sufficient to meet the Group's large funding requirements and could have led to unfavourable market reactions. While a private placement to the Investor was considered as a potential alternative, it was ultimately deemed undesirable, as it would have resulted in significant dilution of the existing Shareholders' holdings. Furthermore, the Group's existing banking facilities contain covenants that restrict changes to Mr. Chung's shareholding control in the Company. As a result, conducting a private placement with the Investor would not have been a viable option under these circumstances.

The Board considers that the Strategic Funding & Partnership Proposal has addressed all the above considerations and presents a fair proposal taking into account of the interests of the Shareholders and other investors in the Company.

The investment by Gaw Capital, through its managed funds, together with the Controlling Shareholder's new cash commitment, will bring much needed equity capital and also potentially bring new opportunities in the future.



The Directors consider the Strategic Funding & Partnership Proposal to be a milestone for the Company, positioning it for growth. Having Gaw Capital through its managed funds as the Company's long-term strategic investor and business partner, the Company will be well positioned to gain access to the business and funding opportunities that Gaw Capital brings.

The Board is aware of the significant discount of the market price of the Company's Shares to the NAV and anticipates to work with Gaw Capital in reducing this discount given its institutional perspectives and expertise across different international markets. The Directors are confident that the participation of Gaw Capital, through its managed funds, will enhance shareholder value together with the Company's management, which has delivered sustained reported profits (except for the last annual and interim results) since the Controlling Shareholder taking control of the Company in 2004.

#### **INTENDED USE OF PROCEEDS**

The Strategic Funding & Partnership Proposal is expected to generate additional liquidity through raising of approximately HK\$1,992 million (or net proceeds of approximately HK\$1,919.5 million, after the discount on issue of the Senior Unsecured Note and expenses), to strengthen further the Company's financial position. Out of the HK\$1,919.5 million, the estimated net proceeds of the Rights Issue will be approximately HK\$1,463.4 million.

As at the Latest Practicable Date and subject to the assumptions stated below, the Board intends to apply the proceeds from the Strategic Funding & Partnership Proposal before 2027 as follows:

- (i) HK\$800 million (including all proceeds of the Senior Unsecured Note) to refinance and/or repay indebtedness falling due in 2025. The Company is currently exploring various means to finance or fund any remaining shortfall including but not limited to utilising its existing cash reserves, future sale proceeds and/or other potential refinancing options for, in particular, the 2021 Guaranteed Notes, as contemplated in the section of this letter headed "SATISFACTION OF 2021 GUARANTEED NOTES"; and
- (ii) approximately HK\$1,119.5 million will be allocated to cash reserves primarily for working capital requirements as a buffer to ensure a prudent level of liquidity. The Company currently expects (i) approximately 25% of this amount to be allocated for administrative expenses for the next two years; and (ii) approximately 75% of this amount to be designated for debt servicing and as a liquidity buffer for other upcoming financial obligations. As a property development and investment company, the Company believes it is imperative to maintain an adequate cash reserve to address the ongoing market volatility and macroeconomic uncertainties. This approach is designed to safeguard operational continuity by covering near-term expenses and meet financial obligations (including interest expenses) as they arise.

Given the covenants in the Company's existing banking facilities that restrict changes in Mr. Chung's shareholding control, as well as the Company's objective of maximising fundraising through equity financing, the Company decided to raise approximately HK\$1,492 million through the Rights Issue and HK\$500 million (before the discount on the issuance of the Senior Unsecured Note and expenses) through the Senior Unsecured Note. This transaction structure allows the Company to raise the required HK\$2 billion as efficiently as possible while ensuring that Mr. Chung's control in the Company is maintained through equity investment. Following the new capital raised through the Strategic Funding & Partnership Proposal, the Group will benefit from enhanced financial flexibility and a strengthened liquidity buffer to support its operations, despite the relatively slow turnover of property assets.

The Company has allocated approximately HK\$800 million from the proceeds for the repayment of indebtedness maturing in 2025. To address any remaining shortfall, the Company is actively exploring various financing options, including but not limited to utilising its existing cash reserves, future sale proceeds, and other potential refinancing alternatives for, in particular, the 2021 Guaranteed Notes, as contemplated in the section of this letter headed "SATISFACTION OF 2021 GUARANTEED NOTES". For the bank borrowings that are set to mature, which are secured by the Group's property assets, the Company plans to negotiate with the lender for renewal and/or refinancing of the majority of these loans while settling a portion of the borrowings using its internal resources.

The Group will continue to assess opportunities to monetise its property assets and optimise its capital structure, ensuring that it can generate recurring income from its core businesses to meet future debt repayment obligations. Additionally, the Group aims to maintain a sufficient financial buffer to manage maturing indebtedness prudently and adapt to changing market conditions as necessary.

The aforementioned allocation is dependent on prevailing market conditions and is based on the assumption that there will be no material adverse changes, and the ability of the Company to refinance its existing indebtedness on more favourable terms. This presupposes stability in economic conditions, the absence of unforeseen capital expenditures or bad debts, and the successful refinancing of the Group's bank loans upon their maturity.

#### **SATISFACTION OF 2021 GUARANTEED NOTES**

The Company is actively exploring with potential financiers various options to satisfy the 2021 Guaranteed Notes and the financing of their repayment.

The amount which may be raised, and ways of satisfying the 2021 Guaranteed Notes if the discussions are successful, are not decided. Such amount could be material but is not expected to affect in a materially adverse way the net debt of the Group. The terms are not expected to have any material adverse impact on the Group or its Business Plans.

If the discussions are successful, they may be concluded before or after the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares, and are not expected to affect the intended use of proceeds of the Strategic Funding & Partnership Proposal in the section headed "INTENDED USE OF PROCEEDS" in this letter. The Company will announce the results of the discussions if they are successful at such time as may be required under the Listing Rules.

## EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue assuming full acceptance by Qualifying Shareholders other than Mr. Kan Sze Man; and (iii) immediately after completion of the Rights Issue (assuming that, save for Newco subsidiaries, none of the Qualifying Shareholders has taken up any Rights Shares in their provisional allotments, and the Underwriter fully takes up all Underwritten Shares). The scenarios assume the maximum number of 8,288,810,708 Rights Shares are issued and no Bonus Warrant is exercised.

Shareholders (Note 1)	As at the Latest Practicable Date		All Rights Shares are subscribed by Qualifying Shareholders other than Mr. Kan Sze Man (Note 2) (Note 3)		No Rights Shares are subscribed by Shareholders other than Earnest Equity and Golden Boost and all Rights Shares are all taken up by Earnest Equity, Golden Boost and the Underwriter	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Mr. Chung, Newco & subsidiaries	2,589,596,031	56.24%	7,272,280,336	56.40%	9,025,593,881	70.00%
Mr. Kan Sze Man	11,895,250	0.26%	11,895,250	0.10%	11,895,250	0.10%
Public						
– Public Shareholders	2,003,403,557	43.50%	5,609,529,960	43.50%	2,003,403,557	15.54%
– Underwriter	–	–	–	–	1,852,812,858	14.36%
					(Note 4)	(Note 4)
Total number of Shares	<u>4,604,894,838</u>	<u>100%</u>	<u>12,893,705,546</u>	<u>100%</u>	<u>12,893,705,546</u>	<u>100%</u>

### Notes:

- As at the Latest Practicable Date, the Company does not hold any legal or beneficial interest in treasury Shares.
- Pursuant to the irrevocable undertaking made by Mr. Kan Sze Man, Mr. Kan Sze Man undertook not to take up any of 21,411,450 Rights Shares to be provisionally allotted to him or for his benefit under PALs pursuant to the Rights Issue and not to apply for any excess Rights Shares under the EAFs. For details of the irrevocable undertaking made by Mr. Kan Sze Man, please refer to the section headed “Irrevocable Undertaking” in this Prospectus. The 21,411,450 Rights Shares not to be accepted by Mr. Kan Sze Man have been assumed to be taken up by Newco and its subsidiaries.
- As disclosed in the section headed “No fractional entitlements to the Rights Shares” in this Prospectus, Shareholders have been allotted nil-paid Rights Shares strictly based on whole multiples of ten (10) Shares held on the Record Date. The Company will not provisionally allot or issue, and will not accept applications for, any fraction of the Rights Shares and the provisional allotments of Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated and made available for excess application i.e., a fractions pool. Nonetheless, for illustrative purpose only, this scenario illustrates the effect of the Rights Issue on the shareholding structure of the Company that all Shareholders will be allotted Rights Shares arising from fractional entitlements on a pro-rata basis (i.e., number of Shares multiplied by 1.8).



4. Represents total percentage of shareholding which will be held by the Underwriter and potential subscribers procured by it. The Rights Issue Underwriting Agreement has set out the undertakings of the Underwriter for, among other things, ensuring that it and the subscribers procured by it (including any direct and indirect sub-underwriters) would not, by itself or together with its associates, be a substantial shareholder or hold 10% or more of the voting rights of the Company as at the date of the Rights Issue Underwriting Agreement or immediately upon completion of the Rights Issue.

Shareholders and public investors should note that the above information is for illustration only and the actual shareholding structure of the Company upon completion of the Rights Issue is subject to various variables.

#### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

The Rights Issue is conditional upon the Rights Issue Underwriting Agreement having become unconditional and the Underwriter not having terminated or rescinded (as the case may be) the Rights Issue Underwriting Agreement in accordance with the terms thereof. Please refer to the section headed “Conditions of the Rights Issue” and “Termination of the Rights Issue Underwriting Agreement” in this Prospectus. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating dealings in the Shares and/or the nil-paid Rights Shares prior to the date on which the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and/or nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisers.

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.**

#### **BONUS WARRANTS ISSUE**

Subject to the satisfaction of the conditions referred to in the section headed “Conditions of the Bonus Warrants Issue” below in this Prospectus, the Company will make the Bonus Warrants Issue to Qualifying Shareholders on the basis of one (1) Bonus Warrant for every ten (10) Shares held on the Record Date and so in proportion for any other number of integral multiples of ten (10) Shares then held.

Qualifying Shareholders will receive Bonus Warrants strictly based on whole multiples of ten (10) Shares held. Accordingly, Qualifying Shareholders with fewer than ten (10) Shares will not be entitled to any Bonus Warrant.

#### **Special Mandate**

Bonus Warrants and Bonus Warrant Shares are being or will be issued pursuant to a specific mandate. No Shareholder was required to abstain from voting on the resolution relating to the Bonus Warrants Issue at the SGM, and the ordinary resolution approving the Bonus Warrants Issue and the transactions contemplated thereunder was duly passed by the Shareholders by way of poll.

### **Shares to be issued upon exercise of the Bonus Warrants**

Each Bonus Warrant will entitle the holder thereof to subscribe in cash for one (1) Bonus Warrant Share at a Warrant Subscription Price of HK\$0.22 (subject to adjustment). The maximum number of Bonus Warrants to be issued to Qualifying Shareholders is 460,489,483 Bonus Warrants, and upon the full exercise of the Warrant Subscription Rights attaching to the Bonus Warrants, a maximum of 460,489,483 Bonus Warrant Shares will be issued, representing 10% of the number of issued Shares as at the Latest Practicable Date, approximately 3.57% of the number of enlarged Shares immediately after the Share Rights Issue, and approximately 3.45% of the Shares as enlarged by the Rights Issue and the Bonus Warrant Shares to be issued upon the exercise of Warrant Subscription Rights attaching to all Bonus Warrants.

The entitlement to the Bonus Warrants is non-renounceable. Based on the initial Warrant Subscription Price of HK\$0.22 per Bonus Warrant Share, the Company would receive total gross subscription monies of approximately HK\$101 million upon the exercise of all Bonus Warrants.

Shares which are allotted and issued on the exercise of the subscription rights attaching to the Bonus Warrants will rank *pari passu* in all respects with the then Shares in issue on the date of such allotment and issue.

### **Conditions of the Bonus Warrants Issue**

The Bonus Warrants Issue was conditional on each of the following conditions being fulfilled:

- (i) the passing at the SGM of the necessary resolutions to approve the issue of the Bonus Warrants and the Bonus Warrant Shares, the Share Consolidation, the Authorised Share Capital Increase and the transactions contemplated by the Strategic Funding & Partnership Proposal; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, Bonus Warrants and Bonus Warrant Shares.

As at the Latest Practicable Date, condition (i) above has been fulfilled.

### **Subscription Price and Subscription Period**

The Bonus Warrants are issued in registered form and each Bonus Warrant entitles the holder thereof to subscribe in cash for one (1) Bonus Warrant Share at an initial Warrant Subscription Price of HK\$0.22, subject to customary anti-dilutive adjustments typical in securities of this type in certain events, including, among other things, share consolidations, share subdivisions, capitalisation issues and capital distributions, at any time from the date of issue of the Bonus Warrants to Warrant Expiry Date, which is from Monday, 7 April 2025 to Wednesday, 7 April 2027 (both dates inclusive).

A summary of the material terms of the Bonus Warrants is set out in Appendix III to this Prospectus.



The initial Warrant Subscription Price of HK\$0.2200 represents:

- (i) a premium of approximately 29.41% over the theoretical closing price per Share of HK\$0.1700 based on the Closing Price;
- (ii) a premium of approximately 28.50% over the theoretical average closing price of HK\$0.1712 per Share based on the closing price of HK\$0.0856 per Old Share as quoted on the Stock Exchange for the last five (5) trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 28.65% over the theoretical average closing price of HK\$0.1710 per Share based on the closing price of HK\$0.0855 per Old Share as quoted on the Stock Exchange for the last ten (10) trading days up to and including the Last Trading Day;
- (iv) a premium of approximately 28.35% over the theoretical average closing price of HK\$0.1714 per Share based on the closing price of HK\$0.0857 per Old Share as quoted on the Stock Exchange for the last thirty (30) trading days up to and including the Last Trading Day;
- (v) a premium of approximately 29.41% over the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vi) a premium of approximately 24.72% over the theoretical ex-entitlement price of approximately HK\$0.1764 per Share based on (a) the theoretical closing price of HK\$0.1700 per Share based on the Closing Price, (b) the gross proceeds of the Rights Issue of approximately HK\$1,492 million and (c) the total number of theoretical Shares upon completion of the Rights Issue.

The initial Warrant Subscription Price was determined with reference to the theoretical market price of the Shares and is at a premium to the theoretical market price of the Shares that the Board considers attractive to the Shareholders as the Bonus Warrant Issue is to provide Shareholders with an incentive to support the Strategic Funding & Partnership Proposal. Accordingly, the Directors consider the terms of the Bonus Warrants Issue, including the initial Warrant Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Assuming all the Bonus Warrants are exercised, a maximum amount of gross proceeds and net proceeds of approximately HK\$101.31 million and HK\$99.36 million, respectively, will be raised. The net price per Bonus Warrant Share is therefore approximately HK\$0.2158. The maximum nominal value of all the Bonus Warrant Shares that may fall to be issued is approximately HK\$7.37 million.

#### **Fractional Entitlements**

Fractional entitlements to the Bonus Warrants (if any) will not be issued to Qualifying Shareholders but will, where practicable, be aggregated and sold in the market. The net proceeds of sale will be retained for the benefit of the Company.



## Overseas Shareholders

The Prospectus Documents and the Bonus Warrants Issue will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be entitled to participate in the Bonus Warrants Issue.

As at the Latest Practicable Date, there was only one Overseas Shareholder, with a registered address situated in Canada, which is interested in 1,250 Shares (representing approximately 0.000027% of the total issued share capital of the Company).

The Board has made enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules regarding the legal restrictions of extending the Bonus Warrants Issue to such Overseas Shareholder under the laws of Canada and the requirements of the relevant regulatory bodies or stock exchanges. Based on the results of such enquiries obtained from the legal advisers of Canada engaged by the Company as at the Latest Practicable Date, there are exemptions available to the Company under the applicable legislation or requirement of the relevant regulatory body or stock exchange with respect to the Bonus Warrants Issue. Accordingly, the Bonus Warrants Issue is extended to such Overseas Shareholder, and such Overseas Shareholder is regarded as a Qualifying Shareholder for the purpose of the Bonus Warrants Issue only.

As the register of members of the Company had already been closed as at the Latest Practicable Date, there would be no additional Overseas Shareholders. Accordingly, there would be no Non-Qualifying Shareholder for the purposes of the Bonus Warrants Issue on the Record Date.

All Overseas Shareholders should consult their professional advisers as to whether or not they are permitted to participate in the Bonus Warrants Issue or whether any government or other consents are required, or other formalities need to be observed. No Shareholder receiving a copy of this Prospectus in any territory outside Hong Kong may treat the same as an invitation to subscribe for Share(s) unless in the relevant territory such invitation could lawfully be made to him/her/it without the Company having to comply with any registration or other legal requirements, governmental or regulatory procedures or any other similar formalities. It is the responsibility of any Overseas Shareholder who wishes to receive Bonus Warrants and/or Bonus Warrant Shares under the Bonus Warrants Issue to comply with the laws of the relevant jurisdictions including procedures or any other similar formalities or any restrictions on the resale of the Bonus Warrants or Bonus Warrant Shares which may apply outside Hong Kong.

**The Bonus Warrants Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.**

### **Reasons for the Bonus Warrants Issue**

The Directors believe that the Bonus Warrants Issue will provide the Shareholders with an opportunity to participate in the growth of the Company.

### **Intended use of proceeds from the Bonus Warrants Issue**

In the event that any Bonus Warrants are exercised, the Company expects to allocate the net proceeds received for general corporate purposes including working capital, administrative expenses and other operational expenditures. The Company will adhere to the disclosure requirements under the Listing Rules and will promptly notify shareholders of any material changes to the use of proceeds, if applicable.

### **Application for listing, dealings and settlement**

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Bonus Warrants and the Bonus Warrants Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants.

As at the Latest Practicable Date, save for the 2021 Guaranteed Notes which are listed on the Singapore Exchange, no part of the share capital or any other equity or debt securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares, Rights Shares, Bonus Warrants or Bonus Warrant Shares or any other securities of the Company to be listed or dealt in on any stock exchange other than the Stock Exchange.

The Company has applied to HKSCC for the admission of the Bonus Warrants into CCASS operated by HKSCC. All necessary arrangements will be made by the Company to enable the Bonus Warrants to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Bonus Warrants and the Bonus Warrant Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants on the Stock Exchange, and subject to the compliance with the stock admission requirements of HKSCC, the Bonus Warrants and the Bonus Warrant Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of their dealings on the Stock Exchange or such other date as may be determined by HKSCC.

Settlement between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of settlement arrangements for the Bonus Warrants and the Bonus Warrant Shares which may fall to be issued upon the exercise of the subscription rights attaching to the Bonus Warrants and how such arrangements affect their rights and interests.



### **Certificates for the Bonus Warrants and Board Lot**

Subject to the satisfaction of the conditions to the Bonus Warrants Issue, it is expected that certificates for the Bonus Warrants will be despatched on or before Monday, 7 April 2025 at the risk of the Shareholders entitled thereto to their respective addresses shown on the register of members of the Company. In the case of joint shareholdings, the certificates for the Bonus Warrants will be posted to the address of the Shareholder first named in the register of members of the Company in respect of such joint shareholdings.

Dealings in the Bonus Warrants are expected to commence on the Stock Exchange on Tuesday, 8 April 2025. The Bonus Warrants are expected to be traded on the Stock Exchange in board lots of 20,000 Bonus Warrants.

### **Taxation**

Dealings in the Bonus Warrants and the Bonus Warrant Shares which may fall to be issued upon exercise of the subscription rights attaching to the Bonus Warrants may be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, or any other applicable fees and charges in Hong Kong.

The Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or disposal of, dealing in or exercising, the Bonus Warrants and the subscription rights attaching thereto, and as regards the Non-Qualifying Shareholders, their receipt of the net proceeds of sale of the Bonus Warrants otherwise falling to be issued to them under the Bonus Warrants Issue. It is emphasised that none of the Company, its Directors or any other parties involved in the Bonus Warrants Issue accepts responsibility for any tax implication or liabilities of the Shareholders or the holders of the Bonus Warrants resulting from the purchase, holding or disposal of, or dealing in, the Bonus Warrant Shares or the Bonus Warrants or exercise of the subscription rights attaching to the Bonus Warrants.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any fundraising activities by issue of equity securities in the twelve months immediately before the Latest Practicable Date.

### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

Yours faithfully,  
For and on behalf of  
**CSI Properties Limited**



**Kan Sze Man**  
*Executive Director*