

CONFIDENTIAL

DATED: 23 January 2025

CSI PROPERTIES LIMITED
(the Company)

and

VMS SECURITIES LIMITED
(the Underwriter)

RIGHTS ISSUE UNDERWRITING AGREEMENT

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THIS AGREEMENT is made on 23 January 2025

BETWEEN:

- (1) **CSI PROPERTIES LIMITED**, a company incorporated under the laws of Bermuda and having its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong at 31/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong (the “**Company**”); and
- (2) **VMS SECURITIES LIMITED**, a company incorporated under the laws of Hong Kong and having its registered office at 28/F, Viva Place, 36 Heung Yip Road, Wong Chuk Hang, Hong Kong (the “**Underwriter**”).

WHEREAS:

- (A) As at the date of this Agreement, the Company has an authorised share capital of HK\$180,000,000 divided into 22,500,000,000 Existing Shares (as defined below) of HK\$0.008 each of which 9,209,789,676 Existing Shares have been issued and are fully paid or credited as fully paid. All of the issued Existing Shares are currently listed on the Main Board of the Stock Exchange.
- (B) As at the date of this Agreement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.
- (C) The Company proposes to make an offer by way of rights of up to 8,288,810,708 Rights Shares in aggregate at HK\$0.180 per Rights Share to Qualifying Shareholders on the basis of 18 Rights Share(s) for every 10 Consolidated Share(s) held on the Record Date and otherwise on the terms to be set out in the Prospectus Documents.
- (D) The Irrevocable Undertaking provides (materially) that Grand Future shall procure that all of the 4,661,272,854 Rights Shares to be provisionally allotted to Earnest Equity and Golden Boost shall be fully taken up and paid for at the Subscription Price, equivalent to approximately HK\$839 million in aggregate, and that Golden Boost shall apply for a total of 1,774,724,996 excess Rights Shares and tender full payment of the application money of approximately HK\$319 million under an EAF. The funding costs shall be provided by Digisino and the Investor through Grand Future as more particular set out in the Irrevocable Undertaking and the Announcement.
- (E) Pursuant to an irrevocable undertaking given by Mr. Kan Sze Man to the Company dated the same date of this Agreement:
 - (i) in respect of the 23,790,500 Existing Shares owned by him as at the date of the said irrevocable undertaking, he shall remain the sole beneficial owner of all such Shares (which will become 11,895,250 Consolidated Shares) until the close of business on the Record Date;
 - (ii) he, shall not accept for any of 21,411,450 Rights Shares to be provisionally allotted to him under PALs pursuant to the Rights Issue; and

- (iii) he shall not apply for any excess Rights Shares under an EAF.
- (F) The Underwriter is a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO.
- (G) Application will be made by the Company to the Listing Committee for the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms).
- (H) The Underwriter has agreed to underwrite the Underwritten Shares (as defined below) on the terms and subject to the conditions hereinafter appearing.

IT IS HEREBY AGREED:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions:

In this Agreement, including its recitals and schedules, unless the context otherwise requires, the following expressions have the following meanings:

“Affiliates”: any holding company or parent entity of the Underwriter and any subsidiary or subsidiary undertaking or holding company of such holding company or parent entity and the directors, officers, employees, advisers and agents of each of such company or entity or of the Underwriter;

“Announcement”: the announcement to be made by the Company concerning, among other things, the Rights Issue;

“Authorised Share Capital Increase”: as defined in the Announcement;

“Board”: the board of Directors or a duly authorized committee thereof;

“Business Day”: any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or any of the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;

“CCASS”: the Central Clearing and Settlement System established and operated by HKSCC;

“Change in Board Lot Size”: proposed change in board lot size of the Shares for trading from 10,000 Existing Shares to 20,000 Consolidated Shares;

“China Connect”: collectively, Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect;

“ChinaClear”: China Securities Depository and Clearing Corporation Limited;

“Circular”: a circular of the Company to be despatched to the Shareholders containing, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size, the Authorised Share Capital Increase, the Rights Issue and this Agreement, the Facilitation Agreement, the Note Subscription Agreement and the Bonus Warrants Issue; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue and this Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the SGM;

“Committed Rights Shares”: an aggregate of 6,435,997,850 Rights Shares committed to be accepted or subscribed for (whether under PAL or EAF) pursuant to the Irrevocable Undertaking.

“Company”: CSI Properties Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange;

“Companies Ordinance”: Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;

“Companies (WUMP) Ordinance”: Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;

“Conditions”: the conditions precedent as referred to in Clause 2.1;

“connected person(s)”: has the meaning ascribed thereto under the Listing Rules;

“Consolidated Share(s)”: the ordinary share(s) of par value of HK\$0.016 each in the share capital of the Company immediately after the Share Consolidation becoming effective;

“Constitution”: means, in relation to a corporation, the memorandum and articles of association, charter, bye-laws, memorandum or other document constituting or defining the constitution of that corporation or governing the activities or conduct of that corporation and its members;

“Digisino”: as defined in the Announcement;

“Directors”: the directors of the Company;

“EAF”: the excess application form in the agreed form to be issued to the Qualifying Shareholders (other than the PRC Southbound Trading Investors) in respect of any application for excess Rights Shares;

“Earnest Equity”: Earnest Equity Limited (Company No.:569480), a company incorporated under the laws of the British Virgin Islands with limited liability and whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands;

“Existing Share(s)”: the ordinary share(s) of HK\$0.008 each in the share capital of the Company before the Share Consolidation having become effective;

“Extreme Conditions”: extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong;

“Facilitation Agreement”: as defined in the Announcement;

“Golden Boost”: Golden Boost Limited, (Company No.:2167262), a company incorporated under the laws of the British Virgin Islands with limited liability and whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands;

“Grand Future”: Grand Future Ventures Limited, (Company No.:2167256), a company incorporated under the laws of the British Virgin Islands with limited liability and whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands;

“Grand Future Entities”: Earnest Equity and Golden Boost;

“Group”: the Company and its subsidiaries;

“HKSCC”: Hong Kong Securities Clearing Company Limited;

“Hong Kong”: the Hong Kong Special Administrative Region of the PRC;

“Indemnified Persons”: the Underwriter and its Affiliates;

“Independent Board Committee”: the independent board committee of the Company comprising all independent non-executive Directors, which will be established to advise the Independent Shareholders on, among other things, the Rights Issue;

“Independent Financial Adviser”: the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders;

“Independent Shareholder”: a Shareholder who is not required under the Listing Rules and the applicable law and regulations to abstain from voting at the SGM on the resolutions to approve the Rights Issue and the transactions contemplated under such proposals;

“Investor”: as defined in the Announcement;

“Irrevocable Undertaking”: the irrevocable undertaking in the form set out in Schedule 2 given by Grand Future to the Company dated the same date of this Agreement;

“Latest Time for Acceptance”: 4:00 p.m. on Monday, 7 April 2025 or such other time as may be determined by the Company, being the latest time and date for acceptance of and payment for the provisional allotments of Rights Shares and applications for excess Rights Shares as described in the Prospectus Documents;

“Latest Time for Termination”: 4:00 p.m. on Friday, 11 April 2025, or such other time as may be agreed between the Company and the Underwriter in writing, being the latest time to terminate this Agreement;

“Listing Committee”: has the meaning ascribed thereto under the Listing Rules;

“Listing Rules”: the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“Losses”: has the meaning as defined under Clause 10.1;

“Main Board”: the Main Board operated by the Stock Exchange;

“Mr Chung”: Mr Chung Cho Yee Mico, Chairman and Executive Director of the Company;

“Non-Qualifying Shareholders”: those Overseas Shareholder(s) whom the Directors, after making relevant enquiry as required under the Listing Rules, consider their exclusion from the Rights Issue to be necessary or expedient on account of either the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;

“Note Subscription Agreement”: as defined in the Announcement;

“Overseas Shareholder”: a shareholder whose name appear on the register of members of the Company on the Record Date and whose registered address on that date is in a place outside Hong Kong;

“PAL”: a renounceable provisional allotment letter to be issued to a Qualifying Shareholder in connection with the Rights Issue in the agreed form;

“Parties”: the named parties to this Agreement and their respective successors and permitted assignees, and Party means each of them;

“PRC”: the People’s Republic of China which, for the purpose of this Agreement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;

“PRC Southbound Trading Investors”: the PRC investors who hold Shares through ChinaClear as nominee under China Connect;

“Prospectus”: the prospectus (including any supplementary prospectus, if any) to be issued by the Company to the Qualifying Shareholders in connection with the Rights Issue;

“Prospectus Documents”: the Prospectus, PAL and EAF to be issued by the Company;

“Prospectus Posting Date”: the date of despatch of the Prospectus Documents to the Qualifying Shareholders, currently scheduled for Friday, 21 March 2025 or such other date as may be agreed in writing between the Company and the Underwriter;

“Qualifying Shareholders”: Shareholders whose names appear on the register of members of the Company on the Record Date other than the Non-Qualifying Shareholders;

“Record Date”: the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined, currently scheduled for Thursday, 20 March 2025, or such other date as may be agreed between the Company and the Underwriter;

“Rights Issue”: the offer of Rights Shares by way of rights to the Qualifying Shareholders, on the basis of 18 Rights Share(s) for every 10 Consolidated Share(s) held on the Record Date, at the Subscription Price, payable in full on acceptance and on the terms and subject to the conditions to be set out in the Prospectus Documents;

“Rights Shares”: new Consolidated Shares proposed to be offered and allotted under the Rights Issue, being not more than 8,288,810,708 Rights Shares;

“SFC”: the Securities and Futures Commission in Hong Kong;

“SFO”: the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time;

“SGM”: the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Share Consolidation, the Rights Issue, this Agreement and the transactions contemplated under such proposals;

“Share”: an Existing Share or, in relation to any time after the Share Consolidation becomes effective, a Consolidated Share, as the case may be;

“Share Consolidation”: the consolidation of every 2 issued and unissued Existing Shares of HK\$0.008 each into one (1) Consolidated Share of HK\$0.016 each;

“Shareholder”: holder of any issued Share;

“Specified Event”: an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the Warranties untrue or incorrect in any material respect;

“Stock Exchange”: The Stock Exchange of Hong Kong Limited;

“Subscription Price”: the subscription price of HK\$0.180 for each Rights Share under the Rights Issue;

“substantial shareholder(s)”: has the same meaning ascribed thereto under the Listing Rules;

Supplementary Prospectus: any supplementary prospectus published by the Company pursuant to Rule 11.13 of the Listing Rules;

“Takeovers Code”: The Code on Takeovers and Mergers issued by the SFC;

“Underwritten Shares”: a maximum of 1,852,812,858 Rights Shares, which represents the maximum of 8,288,810,708 Rights Shares minus the Committed Rights Shares;

“U.S.” or “United States”: the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;

“Untaken Rights Shares”: any nil paid Rights Shares that are not accepted under a PAL or Rights Shares that are not successfully sold by the Company under Clause 4.2 and Clause 4.3;

“Verification Notes”: the verification notes in the agreed form confirming the accuracy of certain information to be contained in the Announcement and the Prospectus;

“Warranties”: the warranties, representations and undertakings given by the Company as set out in Clause 9 and Schedule I;

“\$ or HK\$”: Hong Kong dollars, the lawful currency of Hong Kong; and

“%”: per cent.

1.2 Interpretation:

In this Agreement, including its recitals and schedules, unless otherwise defined or unless the context or subject matter otherwise requires:

- (a) any reference to parties to this Agreement shall include their respective permitted assignees and successors;
- (b) any reference to Recitals, Clauses or the Schedule is a reference to the recitals and clauses of, and the schedule to, this Agreement;
- (c) the Recitals and Schedule form part of this Agreement and shall be construed and shall have the same full force and effect as if expressly set out in the body of this Agreement;
- (d) any reference to a statutory provision shall include a reference to that provision as amended or re-enacted from time to time;
- (e) headings are inserted for convenience only and shall be ignored in construing this Agreement;

- (f) the singular includes the plural and vice versa, words importing gender or the neuter include both genders and the neuter;
- (g) any reference to dates or times is a reference to a date or time in Hong Kong;
- (h) any reference to persons shall include individuals, bodies corporate (wherever incorporated), unincorporated associations, all forms of governmental body or authority, or any association or partnership (whether or not having a separate legal personality) of two or more of the foregoing;
- (i) any reference to this Agreement or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as it may have been, or may be, amended, varied, novated or supplemented;
- (j) any reference to a document being in the agreed form means that documents in the form agreed between the Parties and, for the purpose of identification, signed by them or on their behalf, or such document in such other form as may be agreed in writing by the Parties from time to time in substitution for or in variation of such document; and
- (k) a reference to any provisional allotment of Rights Shares being “**accepted**” means such Rights Shares in respect of which a PAL has been lodged for acceptance (whether by person to whom the Rights Shares were provisionally allotted or by renounees of the right to accept such provisional allotment) and paid for by the Latest Time for Acceptance in accordance with the terms of the Prospectus Documents, and the expressions “**acceptances**” shall be construed accordingly.

2. CONDITIONS PRECEDENT

2.1 Obligations Conditional:

The obligations of the Underwriter under this Agreement are conditional upon:

- (a) (i) the passing by the Shareholders at the SGM of ordinary resolutions to approve the Share Consolidation and the Authorised Share Capital Increase; and
(ii) the passing by the Independent Shareholders at the SGM of ordinary resolutions to approve the Rights Issue and the transactions contemplated thereunder in accordance with the Listing Rules, by no later than the Prospectus Posting Date;
- (b) the Stock Exchange issuing a certificate of authorisation for registration of the Prospectus, and the Companies Registry in Hong Kong issuing written confirmation of the registration of the Prospectus, not later than the Prospectus Posting Date in compliance with section 342C of the Companies (WUMP) Ordinance and the applicable legal requirements;

- (c) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (d) the Listing Committee granting the listing of, and permission to deal in, the Consolidated 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 Prospectus Posting Date, 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) this Agreement not having been terminated in accordance with its terms;
- (f) the Company having complied with and performed all its undertakings and obligations under this Agreement, and Warranties 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 this Agreement and the transactions contemplated herein 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, and the compliance with, and performance of all obligations of Grand Future and the Grand Future Entities 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.

2.2 Undertaking:

The Company and the Underwriter undertake to use all reasonable commercial endeavours to procure the fulfilment of the Conditions set out in Clause 2.1 above by the specified time or date or, in the absence of specified time or date, by the Latest Time for Termination or such other date as the Company and the Underwriter may agree in writing. In particular, the Company and the Underwriter shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the application for the listing of and the permission to deal in the Rights Shares (in their nil-paid or fully-paid forms) and to give effect to the Rights Issue and the arrangements contemplated under this Agreement.

2.3 Waiver:

Apart from the Condition as set out in (f) in Clause 2.1 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 other Conditions are incapable of being waived.

2.4 Termination:

If any of the Conditions set out in Clause 2.1 above (save and except those having been waived in accordance with Clause 2.3) is not satisfied in whole by the specified time or date or, in the absence of specified time or date, by the Latest Time for Termination or such other time or date as the Company and the Underwriter may agree in writing, this Agreement shall terminate (save and except certain clauses which shall remain in full force and effect) and no Party shall have any claim against the other Parties for costs, damages, compensation or otherwise save for any antecedent breaches.

3. THE RIGHTS ISSUE

3.1 Rights Issue:

The Company will, subject to the provisions of the Prospectus Documents and this Agreement, offer the Rights Shares to the Qualifying Shareholders at the Subscription Price on the basis of 18 Rights Share(s) for every 10 Consolidated Share(s) held at the close of business on the Record Date and so in proportion for any other number of whole multiples of ten (10) Consolidated Shares then held, on the basis that payment for the Rights Shares shall be made in full on acceptance not later than the Latest Time for Acceptance.

Fractions of Rights Shares are not to be allotted to Qualifying Shareholders and the entitlements of Qualifying Shareholders are to be rounded down to the nearest whole number of Rights Shares.

3.2 Provisional Allotment:

The Company will procure that, as soon as the Conditions in Clause 2.1(a), (b), (c), (d), (i) are fulfilled, the Rights Shares in their nil-paid form are provisionally allotted, by a resolution of the Board passed by no later than the Prospectus Posting Date, to the Qualifying Shareholders. The Rights Shares shall be allotted on the terms, and subject to the conditions, and the basis of the information set out in the Prospectus Documents and this Agreement.

Any provisional allotments of Rights Shares that are not accepted (in whole or in part) under a PAL by the Latest Time for Acceptance shall lapse and be cancelled, and such Rights Shares shall be Untaken Rights Shares, and made available to the persons who pursuant to Clauses 5.1(c) and 7.3 are subscribing for those Rights Shares.

3.3 Despatch of Prospectus Documents:

After the Companies Registry in Hong Kong issuing written confirmation of the registration of the Prospectus in compliance with section 342C of the Companies

(WUMP) Ordinance and the applicable legal requirements, the Company will procure the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

3.4 Delivery of Documents to Underwriter:

The Company will deliver the following documents to the Underwriter within five (5) Business Days after the Prospectus Posting Date:

- (a) a certified copy of the resolution of the Board as referred to in Clause 3.2;
- (b) the Verification Notes duly signed by or on behalf of the Directors;
- (c) a copy of the Prospectus Documents duly signed by or on behalf of the Directors and registered in accordance with section 342C of the Companies (WUMP) Ordinance, together with any other documents required by applicable law to be annexed thereto;
- (d) copies of the following letters from the auditors of the Company addressed to the Company and dated the Prospectus Date, in relation to (i) the indebtedness statement contained in the Prospectus, (ii) the statement contained in the Prospectus as to the sufficiency of working capital, (iii) comfort with respect to certain financial information of the Group set forth in the Prospectus (as applicable) and (iv) the consent to the issue of the Prospectus with inclusion of their reports and statements, such letters to be in the agreed form;
- (e) copies of the signed report from the Auditors addressed to the Company and dated the Prospectus Date, reporting on the pro forma financial information to be set out in the Prospectus, such report to be in the agreed form;
- (f) a certified copy of the certificate of authorisation issued by the Stock Exchange for registration of the Prospectus with the Hong Kong Companies Registry;
- (g) a certified copy of a letter from the Registrar of Companies in Hong Kong confirming that the Prospectus has been registered pursuant to section 342C of the Companies (WUMP) Ordinance;
- (h) a certified copy of the letter from HKSCC confirming that the Nil-Paid Rights have been admitted as eligible securities in CCASS; and
- (i) a certified copy of the signed application made by the Company for the listing of and permission to deal in the Rights Shares (nil-paid and fully-paid) (Form C1) on the Stock Exchange, together with a certified copy of the confirmation received from the Stock Exchange approving the application for the listing and granting permission to list and deal in the Rights Shares (nil-paid and fully-paid) on the Stock Exchange;

4. NON-QUALIFYING SHAREHOLDERS AND FRACTIONAL ENTITLEMENT

4.1 Posting of Prospectus to Non-Qualifying Shareholders:

No provisional allotment of Rights Shares shall be made to any Non-Qualifying Shareholder.

The Company shall not post PAL to any Non-Qualifying Shareholder. The Company will, on the Prospectus Posting Date, post a letter from the board of directors of the Company to the Non-Qualifying Shareholders in the agreed form explaining the circumstances in which they are not permitted to participate in the Rights Issue, with a copy of the Prospectus stamped "For Information Only".

4.2 Non-Qualifying Shareholders' Entitlement:

By no later than 6:00 p.m. on the Record Date (or such other date after the Record Date as agreed between the Company and the Underwriter in writing), the Company shall, or shall procure its branch registrar in Hong Kong to, notify the Underwriter of the number of Rights Shares which represent the total of the number of Rights Shares attributable to Non-Qualifying Shareholders under the Rights Issue.

The Company will provisionally allot the nil-paid Rights Shares which but for Clause 4.1 would otherwise be provisionally allotted to the Non-Qualifying Shareholders, to a nominee of the Company holding for benefit of the respective Non-Qualifying Shareholders for sale under the provisions below.

As soon as practicable after the commencement of dealings on the Stock Exchange in Rights Shares in nil-paid form but by the Latest Time for Acceptance, the Company will endeavour to arrange or procure a broker to arrange for such nominee to sell all (or as many as can be procured) of the Rights Shares in nil-paid form at a premium net of transaction costs. The Company shall procure as soon as practicable the renunciation or transfer of those nil-paid Rights Shares sold to such purchasers, by passing the relevant PALs or split PALs (as the case may be) in the names, numbers and denominations and before such time as required in respect of those nil-paid Rights Shares sold or by book-entry delivery via CCASS for crediting to such stock accounts of CCASS participants of the purchasers procured as appropriate. The Company will then distribute such proceeds, as soon as reasonably practicable after they have been received, through its branch registrar in Hong Kong to the Non-Qualifying Shareholders pro rata (but rounded down to the nearest cent) to their shareholdings on the Record Date, except that individual amount of less than HK\$100 shall not be so distributed but shall be retained for the benefit of the Company.

Any such nil-paid Rights Shares not successfully sold under this Clause 4.2 shall be Untaken Rights Shares, and shall be made available for subscriptions by the persons pursuant to Clauses 5.1(c) and 7.3.

4.3 Fractional Entitlement:

The Company will not allot any fraction of Rights Shares and the entitlements of Qualifying Shareholders to the nil paid Rights Shares are to be rounded down to the nearest whole number of Rights Shares. The Company will provisionally allot the nil-paid Rights Shares which but for the foregoing provision would otherwise be provisionally allotted, to a nominee of the Company. As soon as practicable after the

commencement of dealings on the Stock Exchange in Rights Shares in nil-paid form but by the Latest Time for Acceptance, the Company will endeavour to arrange for the sale of all (or as many as can be procured) of such Rights Shares in nil-paid form at a premium net of costs. The net proceeds (after deduction of costs) received from such sale will be retained for the benefit of the Company.

Any such nil-paid Rights Shares remaining unsold under this Clause 4.3 by the Latest Time for Acceptance shall be Untaken Rights Shares, and shall be made available for subscriptions by the persons pursuant to Clauses 5.1(c) and 7.3.

Sales of the nil-paid Rights Shares referred to in Clause 4.2 and this Clause 4.3 are deemed to have been made, as far as practicable, first, in respect of rights to Rights Shares attributable to the Non-Qualifying Shareholders and, to the extent that there are sufficient sales procured, secondly in respect of nil-paid Rights Shares attributable to fractional entitlements.

5. EXCESS APPLICATIONS AND ALLOTMENT

5.1 Excess applications and allotment:

By no later than 4:00 p.m. on the fifth Business Day after the Latest Time for Acceptance, the Company shall ensure that by resolution of the board of directors of the Company (or a duly authorised committee of the Board):

- (a) the provisional allotments of the Rights Shares (including all those provisional allotments of the Rights Shares undertaken to accepted under the Irrevocable Undertaking) in respect of which PAL have been lodged and paid for by the Latest Time for Acceptance in accordance with the terms of the Prospectus Documents are confirmed; and
- (b) the provisional allotments of any Rights Shares in respect of which PAL have not been lodged and paid for by the Latest Time for Acceptance in accordance with the terms of the Prospectus Documents shall lapse and be cancelled;
- (c) an allocation and allotment of the Untaken Rights Shares shall be made to and amongst those valid applications made under the EAFs (including the EAF lodged pursuant to the Irrevocable Undertaking) which are lodged by the Latest Time for Acceptance.

If the total number of the Untaken Rights Shares is less than the total number of Rights Shares validly applied for under the EAFs received, the Company shall be entitled to determine, in accordance with the basis and the terms and conditions of the Rights Issue as set out in the Prospectus Documents and in compliance with the Listing Rules, which valid applications under the EAFs received are to be accepted and which are to be rejected (in whole or in part), after consulting with the Underwriter as practicable (and providing the Underwriter with such information, calculations and assistance as the Underwriter may reasonably require).

5.2 Issue and refund:

Subject to the determination of the basis of allotment of Rights Shares under the above provisions, the Company will procure that the names of the allottees of fully-paid Rights Shares shall be entered in the branch register of members of the Company as holders of the appropriate number of Rights Shares, and arrange that the share certificates in the name of respective allottees of the fully-paid Rights Shares be issued and delivered to the persons entitled thereto in accordance with the terms of the Prospectus Documents.

The Company shall make refund arrangements in respect of invalid acceptances under the PALs received and the wholly or partially unsuccessful applications under the EAFs received in accordance with the Prospectus Documents.

5.3 Status of Rights Shares:

The Rights Shares, when fully paid, will rank *pari passu* in all respects with the then Shares in issue, including the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the Rights Shares.

6. APPOINTMENT OF THE UNDERWRITER

6.1 Appointment:

Subject to the provisions of this Agreement, the Company hereby appoints the Underwriter as the sole underwriter (with right to appoint sub-underwriters) to the exclusion of all others, and the Underwriter, relying on the representations, warranties and undertakings herein contained and subject to the conditions as hereinafter mentioned, agree to act as underwriter for the Company, to subscribe for or procure subscription for up to the Underwritten Shares at the Subscription Price on a fully underwritten basis.

6.2 Sub-underwriting:

The Company confirms that the appointments in Clause 6.1 confer on the Underwriter all powers, authorities and discretions which are necessary for, or reasonably incidental to, the performance of its function as underwriter including the power to appoint such sub-underwriters, agents and Affiliates as it deems appropriate and the power to delegate, with power to sub-delegate, to such sub-underwriters, agents and Affiliates, in each case, in its sole discretion, provided that the Underwriter shall remain liable for all acts and omissions of any sub-underwriter, agent or Affiliates appointed by it pursuant to this Clause 6.2 and shall be responsible for the fees, costs and expenses of any sub-underwriter, agent or Affiliates appointed by it pursuant to this Clause 6.2. The Company hereby ratify and confirm, and will ratify and confirm, all actions which the Underwriter (or any of its sub-underwriters, agents or Affiliates) lawfully and properly takes pursuant to such appointment.

6.3 Contents of the Prospectus:

The Company acknowledges and agrees that the Underwriter is neither responsible for nor has authorised or shall authorise the contents of the Prospectus or any Supplementary Prospectus and that the Underwriter has not been requested to verify,

nor are or shall be responsible for verifying the accuracy, completeness or fairness of any information in any of the Prospectus Documents (or any supplement or amendment to any of the foregoing), Announcement or Circular.

7. UNDERWRITER'S OBLIGATIONS AND UNDERTAKING

7.1 Notification to Underwriter:

The Company shall notify or procure its registrar to notify the Underwriter in writing of the number of the Untaken Rights Shares as soon as practicable and in any event not later than 6:00 p.m. on the second Business Day after the Latest Acceptance Time.

7.2 Cessation of Underwriter's Obligations:

All obligations and liabilities of the Underwriter under Clause 7.3 shall cease if:

- (a) the Company informs the Underwriter not later than 6:00 p.m. on the second Business Day after the Latest Acceptance Time that there is no Untaken Rights Share; or
- (b) the Company informs the Underwriter not later than 6:00 p.m. on the second Business Day after the Latest Acceptance Time that the total number of the Untaken Rights Shares is less than the total number of Rights Shares validly applied for under the EAFs received.

7.3 Underwriter's Subscription Obligations:

- (a) If there are any Untaken Rights Shares not allotted in accordance with Clause 5.1(c), the Company shall notify the Underwriter the total number of the Untaken Rights Shares, the Untaken Rights Shares allotted to the valid applications under the EAFs received in accordance with Clause 5.1(c) and the number of such Untaken Rights Shares not allotted.
- (b) Subject to the provisions of this Agreement and the Company having complied with such notification obligation under Clause 7.3(a), the Underwriter shall (as agent of the Company) procure subscribers, or failing which (as principal) itself subscribe, on the terms of the Prospectus Documents (so far as the same are applicable) for such Untaken Rights Shares not allotted in accordance with Clause 5.1(c) by no later than 4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance.
- (c) The Underwriter shall procure payment or pay to the Company the total Subscription Price for those Untaken Rights Shares not allotted in accordance with Clause 5.1(c) for which subscribers are procured or subscribed by itself (as the case may be) under Clause 7.3(b). The Underwriter may request to receive such Untaken Rights Shares for which it has so subscribed, or procured subscription as follows:
 - (i) In respect of such Untaken Rights Shares requested by the Underwriter to be issued and delivered in scrip form (which request must reach the

Company not later than 4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance), the Company shall allot and issue such Untaken Rights Shares (fully-paid) represented by paper share certificates in such names and denominations as specified in such request to the Company by the Underwriter.

- (ii) In respect of such Untaken Rights Shares requested by an Underwriter to be issued and delivered in electronic form through CCASS (which request must reach the Company not later than 4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance), the Company shall allot and issue, against full payment by the Underwriter under Clause 7.3(c), such Untaken Rights Shares (fully paid) in the name of HKSCC Nominees Limited, and in a timely manner as specified by the Underwriter deposit such Untaken Rights Shares in CCASS for book-entry delivery, through the facilities of CCASS, for credit to such stock accounts of the Underwriter in CCASS or other CCASS participants as shall be specified in such request to the Company by the Underwriter.

- 7.4 The Company shall deliver the share certificates to the Underwriter or procure the depositing of such Untaken Rights Shares in CCASS for delivery, through the facilities of CCASS, for credit to the relevant stock accounts of the Underwriter in CCASS or other CCASS participants, as the case may be, in a timely manner, and the delivery of the same to the Underwriter shall be against full payment by the Underwriter under Clauses 7.3(c)(i) and/or (ii), as the case may be.
- 7.5 As soon as any Underwritten Shares has been subscribed for and paid for (either by the Underwriter or subscribers procured by it) pursuant to the above provisions, the Underwriter shall be discharged from all further liability under Clause 7.3.
- 7.6 Any transaction carried out by the Underwriter pursuant to this Agreement shall constitute a transaction carried out at the request of the Company and as its agent and not in respect of the Underwriter's own account (save for the subscription of Underwritten Shares by the Underwriter as principal under Clause 7.3).
- 7.7 The Company agrees that the Underwriter and any sub-underwriter who acquires Rights Shares shall be entitled to the same remedies and rights of action against the Company, and to the same extent, as any person who acquires any Rights Shares pursuant to the Rights Issue on the basis of the Prospectus Documents.
- 7.8 The Underwriter undertakes to the Company that
 - (a) it shall use all reasonable endeavours to ensure that the subscribers procured by it are members of the public (as defined in the Listing Rules) and not connected with the Company and its connected persons; and
 - (b) it will not, and will use reasonable endeavours to procure each of the subscribers of the Untaken Rights Shares procured by it (including any direct and indirect sub-underwriters) will not, by itself or together with its associates, be substantial shareholder or hold 10.0% or more of the voting rights of the Company as at the date of this Agreement or immediately upon completion of the Rights Issue.

8. ANNOUNCEMENT

8.1 No Announcement without Prior Approval:

Save as expressly required by this Agreement or applicable laws and regulations or as otherwise required by the Stock Exchange and/or the SFC (if applicable), a Party shall not make or despatch any announcement, circular, prospectus or communication to Shareholders or the Stock Exchange or the SFC concerning the Company which is material in relation to the Rights Issue between the date of this Agreement and the time at which this Agreement is terminated (as the case may be), without prior written approval of the other Party as to the content, timing and manner or despatch thereof.

8.2 Publication of Announcement:

Subject to the approval by the Stock Exchange and/or SFC (if applicable), the Company shall arrange for the Announcement to be published in accordance with the Listing Rules as soon as practicable following the signing of this Agreement.

9. REPRESENTATIONS, WARRANTIES AND INDEMNITIES

9.1 Company's Warranty:

In consideration of the Underwriter entering into this Agreement and agreeing to perform its obligations hereunder, the Company hereby gives the Warranties to the Underwriter as set out in the Schedule I.

9.2 Undertaking:

The Company undertakes to use all reasonable endeavours not to cause or permit any Specified Event to occur prior to the Latest Time for Termination, and, if this Agreement is not rescinded or terminated pursuant to Clause 12, all the Warranties shall be deemed to have been repeated as at the Latest Time for Termination with reference to the facts and circumstances then subsisting.

9.3 Notice of Specified Event:

The Company acknowledges that the Underwriter is entering into this Agreement in reliance on the Warranties and each such Warranties shall not be limited by reference (express or implied) to the terms of any other representation, warranty or undertaking or any other provision of this Agreement.

If any Specified Event shall occur or come to the knowledge of the Company prior to the Latest Time for Termination, it shall forthwith give notice to the Underwriter of the same.

9.4 Underwriter's representations and warranties:

The Underwriter hereby represents, warrants and undertakes to the Company that as at the date of this Agreement and as at the Latest Time for Termination with reference to the facts and circumstances then subsisting:

- (a) **Status:** it is a company duly incorporated and validly existing under the laws of its jurisdiction of incorporation, is in good standing (where applicable), is not in liquidation or receivership, and has full power and authority to conduct its business and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
- (b) **Power:** it has the full capacity and power to enter into and comply with all of the terms and conditions of this Agreement;
- (c) **Authorisations:** all approvals and authorisations that may be required to permit it to enter into this Agreement and to perform its obligations under this Agreement in accordance with its terms have been obtained and remain valid and subsisting;
- (d) **Validity of obligations:** this Agreement has been duly authorised, executed and delivered by it and constitutes valid, legally binding and enforceable obligations of the Underwriter subject to applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally and general principles of equity;
- (e) **U.S. selling restrictions:** it acknowledges that the nil-paid Rights Shares and the fully-paid Rights Shares have not been and will not be registered under the U.S. Securities Act of 1933 as amended from time to time ("**Securities Act**") and agrees that the nil-paid Rights Shares and the fully-paid Rights Shares may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under Regulation S) in reliance on Regulation S under the Securities Act;
- (f) **No directed selling efforts:** neither it nor any of its affiliates (as defined in Rule 405 of the Securities Act) nor any persons acting on its or their respective behalf has engaged or will engage in any "directed selling efforts" as defined in Regulation S under the Securities Act with respect to the nil-paid Rights Shares and the fully-paid Rights Shares;
- (g) **Not a substantial shareholder:** it is not entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company; and
- (h) **Independence:** itself and its ultimate beneficial owners are third parties independent of the Company (i.e., not a connected person) and the Company's connected persons.

9.5 Continuing Effect:

The foregoing provisions of this Clause 9 will continue in full force and effect notwithstanding the completion of the Rights Issue.

10. INDEMNITIES

10.1 Indemnity to Underwriter:

The Company undertakes to indemnify and hold the Underwriter (for itself and as trustee for each Indemnified Person) and the Indemnified Persons indemnified against any and all losses, costs, expenses, claims, actions, liabilities, proceedings or damages (the "Losses") whatsoever arising from or in respect of any breach by the Company of any provisions of this Agreement, or any claim which may be brought against the Underwriter and/or Indemnified Persons arising out of or in connection with the performance by the Underwriter of its obligations hereunder as a result of:

- (a) the Announcement, Circular and/or the Prospectus Documents (i) not containing all the information required by law or the Listing Rules or pursuant to the rules of the Stock Exchange or other relevant authority or body to be stated therein, (ii) failing to disclose sufficient information necessary to enable an informed assessment to be made by an investor of the assets and liabilities, financial position and profits and losses of the Group or of the rights attaching to the Rights Shares; or (iii) on the grounds that any statement contained in the Prospectus Documents is untrue or inaccurate in any material respect or misleading;
- (b) the performance by an Indemnified Person of its obligations under this Agreement or otherwise in connection with the Rights Issue;
- (c) the breach or alleged breach of any of the Warranties or undertakings given by the Company, or any other obligation of the Company contained in this Agreement;
- (d) the creation, offer, allotment or issue of the Rights Shares;
- (e) any breach of the laws or regulations of any country or territory resulting from the allotment or issue of the Rights Shares and/or the issue or distribution of the Prospectus Documents by the Company; or
- (f) the failure of the Grand Future and/or the Grand Future Entities to subscribe or procure the subscription of their full entitlement of the Committed Rights Shares under the Irrevocable Undertakings

save and except for any loss or damage arising out of any gross negligence, wilful default or fraud on the part of the Underwriter or the Indemnified Persons.

The Company shall not make any claim against the Underwriter or the Indemnified Persons to recover any damages which the Company may suffer arising out of the performance by the Underwriter or the Indemnified Persons of its obligations hereunder, provided that such damages do not arise from any gross negligence, willful default or fraud on the part of the Underwriter or the Indemnified Persons.

10.2 Notice of Indemnity:

If the Underwriter becomes aware of any claim relevant for the purpose of Clause 10.1, it shall give notice in writing thereof to the Company and shall take such action as the Company may reasonably request to avoid, dispute, resist, defend or appeal against the claim and any adjudication in respect thereof but subject to the Underwriter being fully indemnified and secured to their satisfaction against all losses and expenses to which they might thereby render themselves liable to suffer and incur including without limitation, legal expenses properly incurred by their legal advisers.

11. FEES AND EXPENSES

11.1 In consideration of the Underwriter agreeing to provide its services under this Agreement, the Company shall (by not later than the date of despatch of the share certificates in respect of the Rights Shares) make the following payments:

- (a) an underwriting commission of 2.0% of an amount which is equal to the Subscription Price multiplied by the number of Underwritten Shares; and
- (b) all costs, fees and out-of-pocket expenses reasonably and properly incurred by the Underwriter in connection with the Rights Issue up to HK\$100,000.

11.2 Payment of the amounts referred to in Clause 11.1(b) shall be made whether or not the obligations of the Underwriter under this Agreement become unconditional or are terminated (whether pursuant to Clause 12 or otherwise).

11.3 Out of the fees and commissions referred to in Clause 11.1, it is the responsibility of the Underwriter to pay (i) fees and expenses of the Underwriter's advisers (if any); and (ii) any sub-underwriting commissions payable to such persons (if any) as the Underwriter may procure to subscribe Rights Shares.

11.4 Without prejudice to its right to receive payment directly from the Company pursuant to this Clause 11, the Underwriter shall be entitled and is authorised to deduct some or all of the amounts payable pursuant to Clause 11.1 and any other fee and expense which the Company has agreed in writing to pay to the Underwriter from any amount otherwise payable by the Underwriter to the Company under this Agreement.

11.5 Save as provided in Clause 11.3, the Company shall bear its own legal fees, translator's fees, accountancy and other professional fees, registrars' fees, the cost of printing and distributing the Announcement and the Prospectus Documents and all other costs, fees, charges and expenses of, or in connection with, the Rights Issue, the issue of the Rights Shares, this Agreement and the transactions contemplated hereunder (including, without limitation, all fees of the Stock Exchange in connection with the listing of the Rights Shares). The Company shall forthwith upon request from time to time by the Underwriter reimburse it for any such expenses as are referred to above which the Underwriter may have properly and reasonably paid or incurred on behalf of the Company.

11.6 All payments to be made pursuant to this Clause 11 shall be made in full without any set-off, deduction or withholding for or on account of any taxation unless the set-off, deduction or withholding is required by law, in which event the payer shall pay to the payee such increased amount as shall result, after the set-off, deduction or withholding

of the relevant tax, in the receipt by the payee of a net amount equal to the full amount which would otherwise have been received by it had no such set-off, deduction or withholding been made.

12. RESCISSION AND TERMINATION

12.1 Termination Events:

Notwithstanding anything contained in this Agreement, the Underwriter may in its sole and absolute discretion terminate this Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination, if at or prior to such time:

- (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 this 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 this 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 herein 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 Reminbi 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 Reminbi 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, 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 this 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, 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 Prospectus Posting Date 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:-

- (1) has or will or may have a material adverse effect on the business or financial position of the Group taken as a whole; or

- (2) 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
- (3) has or will or is likely to have the effect of making any part of this 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,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate this Agreement without consent from the Company.

12.2 Further, the Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to rescind this Agreement if prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in Clause 9.1 above comes to the knowledge of the Underwriter; or
- (b) any Specified Event comes to the knowledge of the Underwriter.

12.3 Consequences of Termination:

Upon the termination of this Agreement pursuant to the provisions of Clauses 2.4 or 12.1:

- (a) each of the Parties shall cease to have any rights or obligations under this Agreement, save in respect of the provisions of Clause 10 (Indemnities), this Clause 12, Clauses 13 (Notice) and 15 (Governing Law and Jurisdiction), and any rights or obligations which may have accrued under this Agreement prior to such termination; and
- (b) with respect to the Rights Issue, all payments made by the Underwriter pursuant to Clause 7.3 (if any) shall be refunded to the Underwriter not later than 5:00 p.m. on the second Business Day after (but not including) such termination.

12.4 No Prejudice:

Rescission and termination of this Agreement under this Clause 12 shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

13. NOTICES

13.1 Any notice to be given under this Agreement shall be in English and made in writing and may be delivered personally or sent by prepaid letter (airmail if overseas) or e-mail transmission. A notice shall be sent to the addressee (marked for the attention of the appropriate person) at its address or e-mail address set out below or to such other

address or e-mail address as may be notified by such addressee to the other party from time to time for this Clause.

13.2 Notices shall be given as follows:

(a) to the Company:

address: 31/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong
Email address: skan@csigroup.hk marked for the attention of: Simon Kan

(b) to the Underwriter:

address: 28/F, Viva Place, 36 Heung Yip Road, Wong Chuk Hang, Hong Kong
Email address: vmss-operation@vmssec.com / eltoncheung@vmsig.com
marked for the attention of: Elton Cheung

13.3 A notice shall be deemed to have been served:

- (a) if personally delivered, at the time of delivery;
- (b) if posted, if to an addressee within Hong Kong, two (2) working days (or if to an addressee outside Hong Kong, five (5) working days, when it shall be sent airmail) after the envelope containing the notice was delivered into the custody of the postal authorities;
- (c) if sent by e-mail, at the time of sending provided that receipt will not occur if the sender receives an automated message that the e-mail has not been delivered to the recipient.

PROVIDED THAT where, in the case of delivery by hand or transmission by e-mail, such delivery or transmission occurs after 4:00 p.m. (local time) on a working day or on a day which is not a working day in the place of receipt, service shall be deemed to occur at 9:00 a.m. (local time) on the next following working day in such place; and for this purpose, in this Clause working day means a day on which banks are open for business in the ordinary course, other than Saturdays and Sundays.

- 13.4 In proving service, it shall be sufficient to prove that personal delivery was made or that the envelope containing the notice was properly addressed and delivered into the custody of postal authorities authorised to accept the same, or if sent by e-mail, that the notice was received by the server of the recipient.

14. GENERAL PROVISIONS

14.1 Further Assurance:

Each Party agrees to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as may be necessary or reasonably desirable to implement and/or give effect to this Agreement and the transactions contemplated by it.

14.2 Entire Agreement:

This Agreement (together with any document described in or expressed to be entered into in connection with this Agreement) constitutes the entire agreement between the Parties in relation to the transaction(s) referred to it or in them and supersedes any previous agreement between the Parties in relation to such transaction(s). It is agreed that:

- (a) no Party has entered into this Agreement in reliance upon any representation, warranty or undertaking of any other Party which is not expressly set out or referred to in this Agreement; and
- (b) except for any breach of an express representation or warranty under this Agreement, no Party shall have any claim or remedy under this Agreement in respect of misrepresentation or untrue statement made by any other Party, whether negligent or otherwise, and whether made prior to or after this Agreement, **PROVIDED THAT** this clause shall not exclude liability for fraudulent misrepresentation.

14.3 Remedies Cumulative:

Any right, power or remedy expressly conferred upon any Party under this Agreement shall be in addition to, not exclusive of, and without prejudice to all rights, powers and remedies which would, in the absence of express provision, be available to it; and may be exercised as often as such Party considers appropriate.

14.4 Waivers:

No failure, relaxation, forbearance, indulgence or delay of any Party in exercising any right or remedy provided by law or under this Agreement shall affect the ability of that Party subsequently to exercise such right or remedy or to pursue any other rights or remedies, nor shall such failure or delay constitute a waiver or variation of that or any other right or remedy. No single or partial exercise of any such right or remedy shall preclude any other or further exercise of it or the exercise of any other right or remedy.

14.5 Severability:

The Parties intend that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws applied in each jurisdiction in which enforcement is sought. If any particular provision or part of this Agreement shall be held to be invalid or unenforceable, then such provision shall (so far as invalid or unenforceable) be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The Parties shall use all reasonable endeavours to replace the invalid or unenforceable provisions by a valid and enforceable substitute provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

14.6 Variation:

No variation of any of the terms of this Agreement (or of any document described in or expressed to be entered into in connection with this Agreement) shall be effective unless such variation is made in writing and signed by or on behalf of each of the Parties. The expression Variation shall include any variation, supplement, deletion or replacement however effected.

14.7 Counterparts:

This Agreement may be executed in any number of counterparts all of which, taken together, shall constitute one and the same agreement. Any Party may enter into this Agreement by executing any such counterpart.

14.8 Punctual Performance:

Time shall be of the essence of this Agreement.

15. GOVERNING LAW AND JURISDICTION

This Agreement (together with all documents referred to in it) shall be governed by and construed and take effect in accordance with the laws of Hong Kong (which each of the Parties considers to be suitable to govern the international commercial transactions contemplated by the agreement). Any dispute arising out of or in connection with to this Agreement, including with respect to unlawful acts, shall be submitted exclusively to Hong Kong International Arbitration Center (“**HKIAC**”) an arbitral tribunal administered in accordance with the Arbitration Rules of HKIAC in force at the date of applying for arbitration and the proceedings shall be conducted in English. The number of arbitrators shall be three (3), one of whom shall be nominated by the Company, one by the Underwriter and third of whom, who shall act as Chair, shall be nominated by the two-party-nominated arbitrators, provided that if the third arbitrator has not been nominated within ten (10) Business Days of the nomination of the second party-nominated arbitrator, such arbitration shall be nominated by the HKIAC. The seat of arbitration shall be Hong Kong and the proceedings shall be conducted in the English language.

16. RIGHTS OF THIRD PARTIES

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce or to enjoy the benefit of any term of this Agreement. Notwithstanding any term of this Agreement, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

SCHEDULE I

REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS OF THE COMPANY

1. ACCURACY AND ADEQUACY OF INFORMATION

- 1.1 All facts stated in Recitals (A) to (C) of this Agreement are true and accurate in all material respect.
- 1.2 All facts contained or to be contained in the Announcement, the Circular and Prospectus Documents are and will at the date of issue thereof be true and accurate in all material respects and not misleading.
- 1.3 There will be no information not disclosed in the Prospectus Documents (i) the omission of which makes any statement therein misleading or which, in the context of issues of the Rights Shares, might be material for disclosure therein or (ii) which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position and profits and losses of the Company and of the rights attaching to the Rights Shares.
- 1.4 The Prospectus Documents contain all information and particulars in the context of the Rights Issue required by, and will be in compliance with the provisions of the Companies (WUMP) Ordinance, any other applicable legislation or governmental regulations in Hong Kong, or Bermuda, the Listing Rules and all other requirements of the Stock Exchange and the SFC.
- 1.5 The statements, forecasts, estimates and expressions of opinion, belief, intention and expectation to be contained in the Announcement, the Circular and Prospectus have been and will at the respective dates of issue thereof be made after due and careful consideration, and will at the respective dates of issue thereof be fair and honest and represent reasonable expectations based on facts known to the Company and/or any of the Directors, or which on reasonable enquiry ought to have been known, to the Company or to the Directors.
- 1.6 All information necessary for the purpose of, or in the course of preparation of, the Announcement, the Circular and Prospectus, and the replies to the Verification Notes, or which ought reasonably to have been disclosed or made available by the Company or the Directors was so disclosed or made available to the Underwriter or its legal advisers (if any) fairly and accurately and the replies to the Verification Notes (which will be prepared or approved by persons having appropriate knowledge and responsibility to enable them properly to provide such replies) given by the Company and the Directors will be true, accurate and complete in all material respects and will contain all material information and particulars with regard to the subject matter thereof.

2. CAPACITY

- 2.1 The obligations of the Company under this Agreement constitute legal, valid and binding obligations of the Company enforceable in accordance with the terms herein.
- 2.2 The Company has full power and authority to enter into and perform its obligations under this Agreement.

3. INSURANCE

There are existing valid policies of insurance against all material liabilities, risks and losses against which it is typically insured in respect of any major property and asset owned by and all material businesses carried on by the Company.

4. LITIGATION

Save as disclosed in the Prospectus, neither the Company nor any Director is engaged in any litigation, arbitration, governmental proceedings or investigations of material importance and no such proceedings are threatened or pending nor are there any circumstances which are likely to give rise to any such litigation, arbitration, governmental proceedings or investigations.

5. COMPANY'S CAPACITY

The Company:

- (a) has been duly incorporated and is validly existing in good standing under the laws of the country of its incorporation;
- (b) has legal person status;
- (c) has the legal right and authority to own, use, lease and operate its assets and to conduct its business in the manner presently conducted and as envisaged in the Prospectus; and
- (d) is duly qualified to transact business in the jurisdiction in which it carries on business or in which such qualification is required.

6. DEFAULT

The Company is not in material breach of or in material default (nor has any event occurred which, with the giving of notice or the lapse of time or both would result in a material default) under any law, agreement, licence, certificate or authorisation which is binding upon or affects it or any of its assets or revenues or the operation of its business, and is not in breach or violation of its material business licence or the constitutive documents which is likely to have a Material Adverse Effect (as defined below).

7. THE RIGHTS ISSUE

- 7.1 Subject to the fulfillment of the Conditions set out in Clause 2.1, the Company has power under its Constitution to, and has taken all necessary corporate or other action to enable or authorize it:-
- (a) to issue and allot the Rights Shares required to be provisionally allotted pursuant to the terms of this Agreement in accordance with the Prospectus Documents without any sanction;
 - (b) to deal with the Rights Shares attributable to the Non-Qualifying Shareholders as may be specified in the Prospectus Documents; and
 - (c) to enter into and perform its obligations under this Agreement and to make the Rights Issue.
- 7.2 The Rights Shares, when fully paid shall be free from all liens, charges, encumbrances and third party rights, interests or claims of any nature whatsoever.
- 7.3 The Rights Shares, when fully paid, shall rank pari passu in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the fully-paid Rights Shares.
- 7.4 The Company shall not from the date hereof until after the Latest Time for Acceptance issue any Shares or issue or grant any share options or other securities convertible into, exchangeable, for which carry rights to acquire the Shares (other than the Rights Shares) or repurchase any of its own shares.
- 7.5 Neither the Company nor any of its affiliates (as defined in Rule 405 of the Securities Act) nor any persons acting on its or their behalf (except that no representation is made with respect to the Underwriter or any of their affiliates (as defined in Rule 405 of the Securities Act) or any person acting on behalf of any of them, as to whom no representation or warranty is made) has engaged or will engage in any "directed selling efforts" as defined in Regulation S of the Securities Act with respect to the nil-paid Rights Shares or the fully-paid Rights Shares. The Company shall offer and sell the nil-paid Rights Shares and the fully-paid Rights Shares pursuant to the Rights Issue only outside the United States in offshore transactions with the meaning of and pursuant to Regulation S of the Securities Act.

8. SHARE CAPITAL

- 8.1 Other than any options or performance awards issued pursuant to any employee share option scheme or employee share scheme adopted by the Company in accordance with the Listing Rules, the Company has no outstanding derivatives, options, warrants, subscription or conversion rights or similar rights which are convertible or exchangeable into Shares nor are there other or similar arrangements approved by the Board or the general meeting of Shareholders of the Company providing for the issue or purchase of Shares or the subscription for Shares (save in respect of the Rights Issue and the general mandate to be approved in the annual general meeting of the Company) and no unissued Share of the Company is under option or agreed conditionally or unconditionally to be put under option.

- 8.2 Other than any issue, offer to issue, or grant of any performance award, or allotment or issue of any performance award shares upon the vesting of such performance awards pursuant to any employee share scheme adopted by the Company in accordance with the Listing Rules, the Company will not issue, allot, grant or create any Shares, derivatives, options, warrants, subscription or conversion rights or similar rights which are convertible or exchangeable into Shares prior to the Record Date.
- 8.3 All of the issued Shares (other than Rights Shares in their nil paid form) have been duly and validly authorised and issued and are fully paid up:
- (a) all of the issued shares of each subsidiary of the Company have been duly and validly authorised and issued and are owned directly or indirectly by the Company, free and clear of all liens, encumbrances, equities or claims; and
 - (b) all share capital or equity capital of each subsidiary of the Company due and payable by any member of the Group are fully paid in accordance with the requirements of the applicable laws and agreements.

9. COMPLIANCE

The Company:

- (a) is in compliance with all applicable laws and the applicable requirements of the stock exchange(s) on which its equity is listed; and
- (b) will comply with all applicable laws and the applicable requirements in Hong Kong, including the requirements of the Stock Exchange, in connection with the Rights Issue.

10. NO DEFAULT

Neither the Company nor any other member of the Group is in breach, violation of, or default in a material respect (nor has any event occurred which, with the giving of notice and/or lapse of time and/or fulfilment of any other requirement would result in a default by the Company or any other member of the Group in a material respect) under:

- (a) its constitutional documents;
- (b) this Agreement; or
- (c) any law, regulation, agreement, licence, certificate or authorisation applicable to the Company or any other member of the Group, or any rules or requirements of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over the Company or any other member of the Group, or any of their assets or properties,

Save as disclosed by the Company in any public announcement or in the Prospectus Documents, each member of the Group is currently in compliance with, or has received a waiver (which has not been revoked) in relation to, all financial covenants in its

outstanding indebtedness and is not in breach or potential breach of any provision of such indebtedness, nor will be in breach or potential breach of any provision of such indebtedness following completion of the Rights Issue, save in each case where non-compliance, breach or potential breach is not or would not result in a material adverse effect (“**Material Adverse Effect**”) on the financial condition, results of operations, or properties of the Company or the Group taken as a whole, or an adverse effect on the ability of the Company to perform its obligations under this Agreement or in connection with the Rights Issue, which are material in the context of the Rights Issue.

11. PROSPECTUS DOCUMENTS

- (a) The Prospectus Documents shall contain all information with respect to the Group and the Rights Shares which: (a) is material in the context of the issue of the Rights Shares; or (b) is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management and profits and losses of the Company and of the rights attaching to the Rights Shares.
- (b) The statements contained in the Announcement and the Prospectus Documents are true, accurate and not misleading in all material respects.
- (c) The opinions and intentions expressed in the Announcement and the Prospectus Documents are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions.
- (d) There are no other facts the omission of which would, in the context of the Rights Issue, make any statement in the Announcement and the Prospectus Documents misleading in any material respect.
- (e) All reasonable enquiries have been made by the Company to ascertain and verify the accuracy of all information and statements contained in the Announcement and the Prospectus Documents in all material respects.
- (f) The Announcement and the Prospectus Documents do not include an untrue statement of a material fact, or omit a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.
- (g) The Announcement and the Prospectus Documents contain all particulars and information required by, and will be in accordance with the Companies (WUMP) Ordinance, the Listing Rules, the rules and regulations of the Stock Exchange and all other relevant ordinances and governmental regulations in Hong Kong.

12. FINANCIAL STATEMENTS

- (a) The audited consolidated financial statements of the Group for each of the three years ended 31 March 2024 (including the notes thereto) which will be referred to in the Prospectus Documents were prepared in accordance with the Hong Kong Financial Reporting Standards consistently applied and gave a true and fair view of the assets and liabilities, and the state of affairs, of the Group as at,

and the profit or loss of the Group for the financial years ended, those dates, and, in each case, made proper provision for all actual liabilities and appropriate provision (or included a note in accordance with good accounting practice) for all deferred or contingent liabilities.

- (b) To the best of the knowledge, information and belief of the Company after due and careful consideration, the factual contents of such reports are true and accurate in all material respects and no material fact or matter has been omitted.
- (c) The unaudited pro forma financial information contained in or incorporated into the Prospectus: (1) was prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants; (2) was prepared on a basis consistent with the accounting policies of the Group; and (3) includes adjustments that are appropriate for the purposes pursuant to Rule 4.29(1) of the Listing Rules.
- (d) Since 1 April 2024 there has been no change (nor any development or event involving a prospective change of which the Company is, or might reasonably be expected to be, aware) which is materially adverse to the condition (financial or other), results or operations of the Company or the Group, respectively.
- (e) Since 1 April 2024 there has been no material increase in non-current liabilities of the Group as compared with the corresponding amount in the statement of financial position of the Group as at 31 March 2024.
- (f) The statements in the Prospectus relating to the working capital of the Group represent the true and honest opinion of the Directors arrived at after due and careful consideration and enquiry. All statements of fact to be contained in the working capital memorandum will be true and accurate in all material respects and not misleading in any material respect. All statements, forecasts, estimates and expressions of opinion, belief, intention and expectation to be contained in the working capital memorandum will be fairly and honestly given, expressed or held and will be made on reasonable grounds after due and proper consideration and will be reasonably based on facts known, or which on reasonable enquiry ought to have been known, to the Company. There are no facts known, or which on reasonable enquiry ought to have been known, to the Company which have not been taken into account in the preparation of the working capital memorandum which could reasonably be expected to have a material effect on any of the projections contained therein. The cash flow and working capital projections which will form the basis of the working capital memorandum will be properly and carefully compiled by the Directors on the basis of the assumptions set out therein and such assumptions are fair and reasonable.
- (g) The information contained in the section headed “Indebtedness” of the Prospectus accurately reflects the indebtedness of the Group.

13. LITIGATION

- (a) Save as disclosed by the Company in any public announcement issued, or in the Prospectus Documents, there are no pending actions, suits or proceedings against or affecting the Company or any other member of the Group or any of their respective directors, officers or properties, which if determined adversely against the Company or any other member of the Group or any of their respective directors, officers or properties, would individually or in the aggregate have a Material Adverse Effect and, to the best of the Company's knowledge (after due and careful enquiry), no such actions, suits or proceedings are threatened or contemplated, nor is there any fact likely to give rise to any such actions, suits or proceeding.
- (b) Neither the Company nor any other member of the Group has taken any action nor, so far as the Company is aware, have any legal proceedings been started or threatened against the Company or any other member of the Group for its winding up, bankruptcy or dissolution or any analogous proceedings in any jurisdiction, and neither the Company nor any other member of the Group has taken any action to enter into any arrangement or composition for the benefit of creditors or for the appointment of a receiver, trustee, administrator, administrative receiver or similar officer of any of them, or any of their respective properties, revenues or assets, and the Company and each other member of the Group can pay its debts as and when they fall due for payment.

14. ANTI-MONEY LAUNDERING

The operations of each of the Company and the other members of the Group are and have been conducted in compliance with all applicable financial record keeping and reporting requirements, including the applicable money laundering statutes of all jurisdictions relevant to each of the Company and the other members of the Group, the rules and regulations thereunder and any regulation issued, administered or enforced by any governmental agency which has jurisdiction over the Company or any other member of the Group (collectively, the “**Anti-Money Laundering Laws**”) and none of the Company or any other member of the Group nor any Director or officer of the Company or any other member of the Group nor, to the best knowledge of the Company, any employee, agent or other person acting on behalf of the Company or any other member of the Group, has engaged in any activity or conduct which would violate any Anti-Money Laundering Laws, and the Company has instituted and maintained policies and procedures designed to promote and ensure compliance with the Anti-Money Laundering Laws. No action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any other member of the Group with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Company, threatened.

15. GRAND FUTURE ENTITIES

- 15.1 Each of the Grand Future Entities is duly incorporated and validly existing as a corporation in good standing under the laws of its respective jurisdiction, with full right, power and authority to execute and deliver the Irrevocable Undertaking.

- 15.2 The Irrevocable Undertaking given by Grand Future has been duly authorized, executed and delivered by it and constitutes a valid and binding agreement of it, enforceable in accordance with its terms.

16. BUSINESS OF THE GROUP

- 16.1 Insofar as the Company and the Directors are aware, where any properties and other assets (which are material for the principal business of the Group) are held under lease, tenancy or licence by (and a breach of such lease, tenancy or licence would have a material adverse effect on the business or financial position of the Group taken as a whole) the Group, each such lease, tenancy or licence is legal, valid, subsisting and enforceable by the relevant member of the Group.
- 16.2 Each member of the Group possesses all material certificates, authorisations, licences and permits (collectively, "Governmental Licences") necessary to conduct its business, no member of the Group has received any notice of proceedings relating to, or is aware of any circumstance which is likely to result in, the suspension, cancellation, revocation, modification or non-renewal of any such Governmental Licences; and each member of the Group is in compliance with the terms and conditions of all such Governmental Licences.
- 16.3 Each member of the Group has made or filed all tax returns, reports and declarations required by any jurisdiction to which it is subject and has paid all taxes and other governmental assessments and charges that are material in amount, which are due on such returns, reports and declarations. All such returns are up to date, correct and prepared on a proper basis and save as adequately provided for in the accounts of the Group, there are no tax matters which are of a material nature that will likely become the subject of a dispute with any taxation authority and which would or might be material to the Group.

SCHEDULE 2

FORM OF IRREVOCABLE UNDERTAKING

Strictly confidential

IRREVOCABLE UNDERTAKING

CSI Properties Limited (the “Company”)
31/F., Bank of America Tower,
12 Harcourt Road, Central, Hong Kong.

Dear Sirs,

Irrevocable letter of undertaking (the “Undertaking”) in relation to the rights issue of 8,288,810,708 Rights Shares at HK\$0.180 per Rights Share on the basis of 18 Rights Shares for every 10 Consolidated Shares held at the close of business on the Record Date (the “Rights Issue”)

We, Grand Future Ventures Limited, a company incorporated under the laws of the British Virgin Islands with limited liability (“we” or “**Grand Future**”), refer to the announcement to be published by the Company in relation to the Rights Issue (the “**Announcement**”), an advanced draft of which is attached in the Appendix to this Undertaking for identification purposes. Unless otherwise defined in this Undertaking, capitalised expressions defined in the Announcement shall have the same meanings when used in this Undertaking.

We hereby represent warrant and undertake to the Company that as at the date of this Undertaking:

- (a) we are owned as to 99.99% (9,999 shares) by Digisino Assets Limited (a company incorporated under the laws of the British Virgin Islands with limited liability with company number 488594) (“**Digisino**”) and 0.01% (1 share) by Petto Bell Limited, a company incorporated in the Cayman Islands with limited liability set up and controlled by Gaw Capital Partners (an affiliate of which serves as the general partner of Gateway Real Estate Fund VII (Singapore), LP) (the “**Investor**”); and
- (b) Digisino is a company wholly owned by Mr. Chung.

The Company proposes the Strategic Funding & Partnership Proposal which, among other things, involves:

- (a) the Rights Issue on the basis of 18 Rights Shares for every 10 Consolidated Shares held on the Record Date (the provisionally allotted Rights Shares, in nil-paid form, under the Rights Issue being referred to as “**Nil Paid Rights**”); and
- (b) the issue of a 4-year senior unsecured note in a principal amount of HK\$500 million to be issued by a wholly-owned subsidiary of the Company (“**Note**”) as set out in the Announcement.

The Company also proposes the Share Consolidation, which shall become effective prior to the Record Date for the Right Issue.

We irrevocably undertake in favour of the Company the following:

- (1) we shall procure that:
 - (i) we shall before the Record Date acquire a total of 5,179,192,062 Existing Shares (the “**Existing Relevant Shares**”) or, upon the Share Consolidation becoming effective, a total of 2,589,596,031 Consolidated Shares (collectively “**Consolidated Relevant Shares**”), representing approximately 56.24% of the issued share capital of the Company, through our wholly-owned subsidiaries (the “**Relevant Subsidiaries**”, out of which 5,179,172,062 Existing Shares shall be acquired by Earnest Equity Limited and 20,000 Existing Shares shall be acquired by Golden Boost Limited) (whether directly or through CCASS); and
 - (ii) we shall, through the Relevant Subsidiaries, remain the beneficial owner of the Consolidated Relevant Shares as at the close of business of the Record Date;
- (2) the Existing Relevant Shares or the Consolidated Relevant Shares shall be free of:
 - (i) any mortgage, charge, pledge, lien or other security interest;
 - (ii) any option, restriction, right of first refusal, right of pre-emption; or
 - (iii) any other third party claim, right, interest or preference or any other encumbrance of any kind (collectively “**Encumbrances**”);
- (3) save pursuant to the Subscription Agreement or the Shareholder Agreement or paragraph 1(i) above we shall not, and shall procure the Relevant Subsidiaries or nominees acting on behalf of us or the Relevant Subsidiaries (including the CCASS participant(s) holding any Existing Relevant Shares or the Consolidated Relevant Shares on behalf of any of them) not to, during the period between the date of this Undertaking and the commencement of dealings in the Rights Shares in fully-paid form, (i) acquire any Shares or interests in the Shares whether directly or indirectly, save and except for the taking up of the Rights Shares and the excess application for Rights Shares as required under this Undertaking; (ii) transfer or otherwise dispose of or create any Encumbrances in respect of any of the Shares; and (iii) dispose of, directly or indirectly, any interest in any company or entity which is beneficially interested in any Shares save and except for the transfer of any Nil Paid Rights between the Relevant Subsidiaries for the purposes contemplated under (i);
- (4) without prejudice to the generality of paragraph (3) above, after acquisition mentioned in paragraph 1(i) above, we will remain as the legal and beneficial owner of the entire issued share capital of each of the Relevant Subsidiaries holding the Existing Relevant Shares or the Consolidated Relevant Shares and will procure such 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; and
- (5) subject to the Company despatching the Prospectus Documents to the Qualifying Shareholders, we shall or shall procure the Relevant Subsidiaries or nominees (including the CCASS participant(s) holding any such Shares on behalf of any of them) to:
 - a. accept and take up in full a total of 4,661,272,854 nil paid Rights Shares to be provisionally allotted or transferred to us/them (the “**Entitlement Shares**”)

- pursuant to the Rights Issue at or before 4:00 p.m. on the Latest Acceptance Date in accordance with the terms of the Prospectus Documents (out of which 2,222,222,222 nil paid Right Shares will be taken up by Earnest Equity Limited using the approximately HK\$400 million loan provide by Digisino which will in turn be funded by Mr. Chung, and 2,439,050,632 nil paid Right Shares will be taken up by Golden Boost Limited using the approximately HK\$439 million loan provided by the Investor);
- b. apply (by way of excess application) for 1,774,724,996 Rights Shares (the **"Committed Excess Shares"**) (which will be applied by Golden Boost Limited using the approximately HK\$319 million loan provided by the Investor);
 - c. deliver the PAL(s) in respect of the Entitlement Shares and the EAF(s) in respect of the Committed Excess Shares to the Company's Hong Kong branch share registrar, each accompanied by the remittance for the full amount payable for the Entitlement Shares and the Committed Excess Shares (as the case may be);
 - d. not to withdraw or revoke the acceptance of the Entitlement Shares or the application for the Committed Excess Shares whether by virtue of the constitutional documents of the Company, operation of applicable laws, regulations, the Listing Rules, contractual arrangements or otherwise;
- (6) we 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 us or any of our subsidiaries and procure full payment of the same by such subsidiary(ies).
 - (7) to the extent permitted by the Listing Rules, we shall and we shall procure our subsidiaries as shareholders of the Company to vote all our/their Shares and Consolidated Relevant Shares in favour of all resolutions to be proposed at the SGM; and
 - (8) the statements made about us and our subsidiaries in the Announcement, the Prospectus, the PAL(s), EAF(s) and any supplemental prospectus to be issued or which may be issued by the Company are and will be true and accurate in all material respects and we (for and on behalf of ourself and our subsidiaries) consent to the issue of the Announcement incorporating references to it in the context and in substantially the same terms as set out in the advanced draft of the Announcement is enclosed with this Undertaking as Appendix).

In the event that we should fail to comply with any of the undertakings given herein, with their authority we hereby irrevocably authorise the Company to:

- (a) treat this Undertaking as acceptances of the Entitlement Shares and application for the Committed Excess Shares at the Subscription Price;
- (b) apply as agent for us/our subsidiaries for the Entitlement Shares and the Committed Excess Shares of our subsidiaries or nominees holding any Share on their behalf (the **"Relevant Person"**);
- (c) demand payment for the Entitlement Shares and the Committed Excess Shares from us

on behalf of our subsidiaries, as the case may be;

- (d) subject to receipt of full payment under paragraph (c) above, allot and issue the Entitlement Shares and the Committed Excess Shares, fully paid, to any Relevant Person and to register the same in their names; and
- (e) do all such other acts and execute all such other documents as may be required to give effect to the undertakings given herein (including on its behalf and in its name give all such instructions to us/our subsidiaries and/or the CCASS participant(s) holding any Shares and/or HKSCC Nominees Limited).

This Undertaking shall terminate upon the earliest of, without prejudice to any accrued liabilities:

- (a) the date immediately following the date on which dealing in the Rights Shares in fully-paid form commences on the Stock Exchange;
- (b) the date of the announcement by the Company published on the website of the Stock Exchange that the Rights Issue will not proceed; or
- (c) the termination of the Rights Issue Underwriting Agreement in accordance with its terms at or before the Latest Time for Termination.

Termination of this Undertaking does not affect liability of any party accrued in respect of antecedent breach of this Undertaking.

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

We consent to the Announcement, the Prospectus Documents and any necessary announcements or corporate communications of the Company containing references to this Undertaking and its particulars being set out in the Announcement, the Prospectus Documents and any announcements or corporate communications and to this Undertaking being made available for public inspection if required by any applicable laws rules and regulations (including without limitation the Listing Rules and the SFO) and/or regulators (including without limitation SFC and the Stock Exchange).

We understand that the information provided to us in relation to the Rights Issue is given in confidence and must be kept confidential until the Announcement is released or the information has otherwise become generally available in the public domain. We confirm that, before publication of the Announcement, we have not disclosed this information to any other person or dealt, or procured or recommended others to deal, in any securities of the Company or otherwise based any behaviour in relation to the securities of the Company on such information in violation of any laws, rules and regulations (including without limitation the Listing Rules and the SFO), and we undertake that we will not do so prior to such time.

A person who is not a party shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce, or to enjoy the benefit of, any term of this Undertaking.

The parties to this Undertaking agree and acknowledge that damages would not be an adequate remedy for any breach of any undertaking in this Undertaking and the remedies of injunction, specific performance and other equitable relief are appropriate for any threatened or actual breach of any provision in this Undertaking and no proof of special damages shall be necessary for the enforcement of the rights under this paragraph. The rights under this paragraph do not prejudice any rights that any party to this Undertaking may have pursuant to this Undertaking or otherwise.

The provisions of this Undertaking shall be governed by and construed in accordance with the laws of Hong Kong and we hereby submit to the non-exclusive jurisdiction of the courts of Hong Kong.

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This Undertaking is duly executed and delivered as a deed on the date first above written.

EXECUTED and DELIVERED)
as a **DEED**)
under the common seal of)
Grand Future Ventures Limited)

Name, address and signature of
the director(s) of

Signature:

Name:

Name, address and signature of witness:

Signature:

Name:

Address:

APPENDIX

ADVANCED DRAFT OF THE ANNOUNCEMENT

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Neither this announcement nor any copy thereof may be released into or distributed directly or indirectly in the United States or any other jurisdiction where such release or distribution might be unlawful.

This announcement is for information purposes only. It is not an offer to sell or the solicitation of an offer to acquire, purchase, subscribe or dispose of any securities and neither this announcement nor anything herein forms the basis for any contract or commitment whatsoever.

Distribution of this announcement into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this announcement comes should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

LR14.58(1)
LR14.59(4)

CSI
PROPERTIES
資本策略
CSI PROPERTIES LIMITED
資本策略地產有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 497)

- *****
- LONG-TERM FUNDING AND STRATEGIC PARTNERSHIP PROPOSAL
COMMITTED AND SUPPORTED BY
GAW CAPITAL (THROUGH ITS MANAGED FUNDS) AS STRATEGIC AND
SHAREHOLDER PARTNER AND
THE CONTROLLING SHAREHOLDER,
TO RAISE A TOTAL OF HK\$1,992 MILLION
BY WAY OF**
- (1) AN UNDERWRITTEN RIGHTS ISSUE OF HK\$1,492 MILLION
PRICED AT A PREMIUM TO CLOSING PRICE;
- (2) ISSUE OF A HK\$500 MILLION SENIOR UNSECURED NOTE TO THE
NOTE SUBSCRIBER;
- *****
- (3) ISSUE OF BONUS WARRANTS TO SHAREHOLDERS; AND
- (4) PROPOSED SHARE CONSOLIDATION, AUTHORISED SHARE CAPITAL
INCREASE AND CHANGE IN BOARD LOT SIZE
- (5) CLOSURE OF REGISTER OF MEMBERS

Financial adviser to the Company

ANGLO CHINESE
CORPORATE FINANCE, LIMITED


Underwriter of the Rights Issue

**Independent Financial Adviser to the
Independent Board Committee and the
Independent Shareholders**

Underwriter

[IFA Logo]

INTRODUCTION

The Board is pleased to announce a 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. Gaw Capital is a well-regarded institutional real estate investor with a strong track record of investing in Asia and other major international markets,

Both the Controlling Shareholder and Gaw Capital (through its managed funds) will contribute cash to capitalise Newco, such that Newco will subscribe for the Rights Issue at the Subscription Price that is at a premium to the Closing Price. In addition, the Company will also issue a Senior Unsecured Note to the Note Subscriber, bringing the total cash raised for the Company to approximately HK\$1,992 million (before interests and expenses).

OVERVIEW

The Company proposes to raise approximately HK\$1,992 million (before interests and expenses) by way of the following, which are structured to facilitate the introduction of Gaw Capital as a strategic investor (through its managed funds) without any change of control in the Company, whilst allowing all Shareholders to also participate with the Investor in the Company's future growth:

1. **Proposed Rights Issue**, being a rights issue of 8,288,810,708 Rights Shares on the basis of 18 Rights Shares for every 10 Consolidated Shares held on the Record Date so as to raise aggregate proceeds of approximately HK\$1,492 million, before expenses, of which approximately HK\$1,158 million will be provided by Newco funded by Digisino and Investor. Pursuant to the Irrevocable Undertaking, Newco has irrevocably undertaken to procure that all of the Rights Shares to be provisionally allotted to it or its subsidiaries are taken up, equivalent to approximately HK\$839 million in aggregate, and further undertaken to procure application for a further 1,774,724,996 Rights Shares at an aggregate cost of up to approximately HK\$319 million under an EAF. The remaining balance of approximately HK\$334 million is fully-underwritten by the Underwriter. For details of the Irrevocable Undertaking and the underwriting arrangement, please refer to the sections headed "Irrevocable Undertaking" and "THE RIGHTS ISSUE UNDERWRITING AGREEMENT" in this announcement.

The Subscription Price is set at HK\$0.1800 per Rights Share, which represents a premium of approximately [4.65]% over the theoretical closing price of HK\$[0.1720] per Consolidated Share based on the closing price of HK\$[0.0860] per

Existing Share on the Last Trading Day, and a premium of approximately [1.64]% over the theoretical ex-rights price of approximately HK\$[0.1771] per Consolidated Share based on the theoretical closing price of HK\$[0.1720] per Consolidated Share based on the closing price of HK\$[0.0860] per Existing Share on the Last Trading Day, to prevent price dilution; and

2. **Proposed issuance of Senior Unsecured Note**, being a 4-year senior unsecured note to be issued to the Note Subscriber, a special purpose vehicle owned by a consortium of institutional investors led by a subsidiary of Gaw Capital (as general partner of Gateway Real Estate Fund VII (Singapore) L.P.), by a wholly-owned subsidiary of the Company] in a principal amount of HK\$500 million with an interest rate of 8.22% per annum.

The Board also proposes the Bonus Warrants Issue with the aim to further enhance Shareholders' participation in the Company's future development.

Under the proposed **Bonus Warrants Issue**, all Shareholders will be entitled to receive Bonus Warrants on the basis of one (1) Bonus Warrant for every ten (10) Consolidated Shares (or every twenty (20) Existing Shares prior to the Share Consolidation) held on the Record Date. Holders of the Bonus Warrants will be entitled to subscribe for Bonus Warrant Shares at an initial Warrant Subscription Price of HK\$0.22, subject to adjustment, at any time before the Warrant Expiry Date.

In connection with the Strategic Funding & Partnership Proposal, among others, the following have been entered into on [22] January 2025 ([before/after] trading hours of the Stock Exchange):

1. a Subscription Agreement and Shareholders' Agreement between Digisino, Investor and Newco:

Pursuant to the Subscription Agreement, Digisino will contribute all its presently-held Existing Shares in the Company by transferring the entire issued share capital of Earnest Equity to Newco. This contribution consists of 5,179,192,062 Existing Shares controlled by Mr. Chung, representing in aggregate approximately 56.24% of the Company's total issued share capital as at the date of this announcement. Digisino and Investor will provide Newco loans of HK\$400 million and approximately HK\$758 million, respectively. The Subscription Agreement further provides that, on completion of the Rights Issue, the respective loans shall be converted into shares of Newco proportionate to the Rights Shares to be held by Newco indirectly via Earnest Equity and Golden Boost, with Mr. Chung continuing to maintain statutory and Takeovers Code control over Newco. Pursuant to the Shareholders' Agreement, Investor will have a right to nominate one director to the board of directors of Newco. Should the Rights Issue not proceed or should the excess application only be partially accepted, the Loan Funds, or the residual amount of the Loan Funds, will be repaid to the respective parties.

The funds thus injected to Newco will be fully applied (net of expenses) towards the taking up all nil-paid shares provisionally allotted under the Rights Issue to Earnest Equity and Golden Boost and the funding of the excess application;

2. a letter of undertaking by Digisino, Newco and the Company in favour of Investor pursuant to which, among other things, (i) Digisino and Newco agreed and undertook to, with effect from the Strategic Funding & Partnership Proposal Completion Date and for so long as the Investor remains a shareholder of Newco, use their respective best endeavours to procure the appointment of one individual (or his/her replacement) to be nominated by the Investor as a non-executive Director; and (ii) the Company undertook to do all such things for such appointment; and
3. the Note Subscription Agreement.

Further to the Strategic Funding & Partnership Proposal, the Share Consolidation, Authorised Share Capital Increase and change in board lot size have been proposed. Given the current trading price of the Existing Shares is below HK\$0.1 and the value per board lot is considerably less than HK\$2,000, the Board proposes the Share Consolidation under which every two 2 Existing Shares of par value HK\$0.008 each will be consolidated into one 1 Consolidated Share of par value HK\$0.016. Following this, the board lot size for trading will change from 10,000 Existing Shares to 20,000 Consolidated Shares per board lot. The fund-raising elements of the Strategic Funding & Partnership Proposal will be executed after the Share Consolidation and the Change in Board Lot Size having become effective.

RATIONALE OF THE PROPOSAL AND EXPECTED BENEFITS

The Company reported a consolidated loss for the 2024 financial year, being the Company's first reported annual loss since the Controlling Shareholder 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 due.

Rationale

The following considerations have been taken on board in arriving the terms and structure of the long-term funding and strategic partnership proposal:

- (a) The amount of funding required to strengthen the Group's liquidity and financial stability enabling it to repay the Groups' maturing indebtedness;
- (b) to allow Shareholders to participate fairly in pro-rata to their existing shareholding in the Company and avoid equity dilution by issuing bilateral instrument such as share placement or other quasi-equity instrument to third parties;
- (c) to insulate share value dilution to Shareholders by pricing the issue price of the Rights Shares at a premium to Closing Market Price; and
- (d) The formation of the Newco and its related arrangements to lock in the long-term commitment of the Investor in the Company, and at the same time fully align with the Investor's expectation that the Controlling Shareholder shall remain committed to work in partnership together to achieve the Business Plans as defined in this

announcement, and to comply with the covenants of the Group's existing banking facilities for the maintenance of shareholding control by the Controlling Shareholder.

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 the Investors.

Expected Benefits

The introduction of Gaw Capital as a strategic investor 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 (except the members of the Independent Board Committee whose opinion is subject to the advice of Independent Financial Adviser) consider the Proposal to be a milestone for the Company, repositioning for future growth and shareholders. Having Gaw Capital as the Company's long-term, strategic investor and business partner through its managed funds, 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 their institutional perspectives and expertise across different international markets. The Directors are confident that Gaw Capital will through its managed funds enhance shareholders value, together with the Company's management, which has delivered sustained period of reported profits (except for the last interim results) since taking control of the Company in 2004.

The Strategic Funding & Partnership Proposal is consistent with the Company's stated objectives in its interim results announcement dated 28 November 2024, including prudent risk management and optimising the Company's capital structure to ensure adequate liquidity for debt obligations and potential future opportunities.

The Board is committed to further enhancing the Company's capital structure. Should favourable market conditions present themselves, the Company plans to potentially leverage both equity and debt capital markets with the aim of strengthening its balance sheet.

INTENDED USE OF PROCEEDS

The Strategic Funding & Partnership Proposal is expected to generate additional liquidity through raising of approximately HK\$1,992 million, before interests and expenses, to strengthen the Company's financial position. The Board intends to apply the net proceeds from the Proposal as working capital and towards reducing indebtedness, which shall in turn enhance the Company's financial position.

FUTURE INTENTION AND BUSINESS PLANS

As disclosed in the Company's interim results announcement on 28 November 2024, the Board will continue to enhance and maintain the Company's liquidity and financial position, as well as managing a sustainable maturity profile for its liabilities. In the future, the Board will review various business plans and options that align with the Company's strategic

objectives and its current growth trajectory. These plans, by no means exhaustive, and subject to market conditions, include the following:

- De-leverage the balance sheet of the Group to a more sustainable level;
- Continue with the Group's current sales programme, targeting to achieve at least HK\$9,000 million in sales (based on a gross asset value attributable to the Group) within the next four (4) financial years ending 31 March 2029) to generate sufficient funds for debt repayment and demonstrating the Group's ability to monetise its property portfolio, with the aim of reducing the disparity between Group's NAV and the trading price of the Shares. In the event that the aforementioned sales target is not met, the Group will seek to enhance its sales efforts to close the gap;
- Conduct business as usual but with a heightened strategic focus on exploring ways to reduce the discount between the price of the Shares and their attributable NAV, aiming to attract a market revaluation of the trading price of the Shares for the benefit of the Shareholders; and
- To abstain from engaging in new significant investments or acquisitions without first obtaining approval from an investment committee, which will be established subsequent to the completion of the Strategic Funding & Partnership Proposal.

INFORMATION ON INVESTOR, NOTE SUBSCRIBER AND GAW CAPITAL

Investor and Note Subscriber are special purpose vehicles formed to invest in the Company (through the Rights Issue and the Senior Unsecured Note, respectively). They are owned by a consortium of institutional investors led by Gaw Capital (as general partner of Gateway Real Estate Fund VII (Singapore) L.P., a limited partnership established in Singapore and engaged principally in investment in any direct or indirect interest relating to real estate assets and non-real estate related assets or operations in Asia Pacific). Gaw Capital is a private equity fund management company focusing on real estate and private equity markets in Asia Pacific and other high barrier-to-entry markets globally. The firm's investments span the entire spectrum of real estate sectors, including residential development, offices, retail malls, hospitality, logistics warehouses and Internet data centre projects.

IMPLICATIONS UNDER THE TAKEOVERS CODE AND LISTING RULES

The acquisition of more than 30% of the voting rights in the Company by Newco as a result of the Subscription Agreement will trigger an obligation to make a mandatory general offer for all the issued shares of the Company pursuant to the Notes to Rule 26.1 of the Takeovers Code, unless a waiver is granted by the SFC.

In this regard, the Company has been informed by Mr. Chung that Newco, has applied for [, and the SFC has on [*] granted,] a waiver from the obligation to make a mandatory general offer pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code in relation to the transactions contemplated under the Strategic Funding & Partnership Proposal.

[As a result, the transactions contemplated under the Strategic Funding & Partnership Proposal are subject to granting of such Waiver from the SFC and the Company will issue an announcement upon receipt of the SFC's approval.]

In accordance with LR7.19A(1) and LR7.27A(1), as the Rights Issue will increase the total number of issued Consolidated Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement (after taking into account the effect of the Authorised Share Capital Increase), the Rights Issue is conditional upon Independent Shareholders' approval at the SGM.

Pursuant to LR7.27A, Earnest Equity, Newco and their respective associates will be required to abstain from voting in favour of the resolution(s) relating to the Rights Issue.

At the invitation of the Controlling Shareholder, the Investor agreed to acquire material equity interests in Newco through entering into the Subscription Agreement and the Shareholders Agreement in respect of the Strategic Funding & Partnership Proposal with Digisino and Newco, both of which are connected persons of the Company. The Investor is treated as a connected person of the Company under LR14A.20, and so is the Note Subscriber which is also owned by a consortium of institutional investors led by a subsidiary of Gaw Capital (as general partner of Gateway Real Estate Fund VII (Singapore) L.P.). Given that the Facilitation Agreement and the Note Subscription Agreement are entered into in association with each other as parts of the Strategic Funding & Partnership Proposal, the transactions contemplated thereunder will be treated as connected transactions of the Company subject to Independent Shareholders' approval under Chapter 14A of the Listing Rules. Shareholders with a material interest in the transactions contemplated are required to abstain from voting on the relevant resolution at the SGM.

At the date of this announcement, Mr. Chung, indirectly through his 100%-controlled entity, Digisino and its subsidiary, Earnest Equity, controls 5,179,192,062 Existing Shares, representing approximately 56.24% of the entire issued share capital of the Company. Therefore, Mr. Chung and his associates, including Kan Sze Man, who is interested in 23,790,500 Existing Shares, representing approximately 0.26% of the entire issued share capital of the Company, are required to abstain from voting in favour of the resolution(s) in relation to the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement and the transactions contemplated thereunder at the SGM.

The Independent Board Committee (comprising Mr. Cheng Yuk Wo, Mr. Shek Lai Him, Abraham and Mr. Lo Wing Yan, William, each being an independent non-executive Director) has been established to advise the Independent Shareholders in respect of the terms of the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement are on normal commercial terms, fair and reasonable and in the interests of Company and the Shareholders as a whole.

The Bonus Warrants will be issued pursuant to a specific mandate to be sought at the SGM. In addition, the issue of the Bonus Warrants will require approval by the Stock Exchange pursuant to LR15.02 and the listing of, and permission to deal in, the Bonus Warrant Shares will require approval by the Stock Exchange.

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

A Circular containing, among other things, (i) further details of the Strategic Funding & Partnership Proposal, including the Rights Issue, the Facilitation Agreement, the Rights Issue Underwriting Agreement and the Note Subscription Agreement (ii) further details of the Bonus Warrants Issue, (iii) further details of the proposed Share Consolidation, Authorised Share Capital Increase and change in board lot size; (iv) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement; (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (vi) other information required under the Listing Rules; and (vii) a notice convening the SGM, is expected to be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to LR14A.68(11) .

Subject to, among other things, the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement, having been approved by the Independent Shareholders at the SGM, the Prospectus Documents or the Prospectus, whichever is appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

WARNING

The Shares are expected to be dealt in on an ex-rights basis from [Tuesday, 11 March 2025]. Dealings in the Rights Shares in nil-paid form are expected to take place from [Tuesday, 25 March 2025] to [Tuesday, 1 April 2025] (both dates inclusive). The Strategic Funding & Partnership Proposal, including the Rights Issue, is subject to certain conditions including but not limited to the approval of the Rights Issue by the Independent Shareholders at the SGM. Accordingly, there is no certainty as to whether, and if so when, the Strategic Funding & Partnership Proposal, including the Rights Issue, will proceed. Holders of Shares and other securities of and potential investors in the Company should exercise caution when dealing in the Shares or other securities of the Company.

If the approval of the Rights Issue by the Independent Shareholders at the SGM is not obtained, the Strategic Funding & Partnership Proposal, including the Rights Issue, will not proceed, in which case a further announcement will be made by the Company at the relevant time.

Any Shareholder or other person dealing in Shares or other securities of the Company up to the date of fulfilment of all conditions to which the Strategic Funding & Partnership Proposal, including the Rights Issue, is subject and any person dealing in the nil-paid Rights Shares will bear the risk that the Rights Issue may not become unconditional or may not proceed and are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares.

If in any doubt, Shareholders and other persons contemplating dealing in securities of the Company and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company. Any buying or selling of the securities of the Company from now up to the date of fulfilment of all the conditions to which the Rights Issue is subject,

and any buying or selling of nil-paid Rights Shares, is at each investor's own risk that the Strategic Funding & Partnership Proposal, including the Rights Issue, may not become unconditional and may not proceed.

I. OVERVIEW - INVITATION BY CONTROLLING SHAREHOLDER TO GAW CAPITAL TO BECOME A CO-INVESTOR IN NEWCO FOR RIGHTS ISSUE THROUGH ITS MANAGED FUNDS

The Board is pleased to announce 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. Gaw Capital is a well-regarded institutional real estate investor with a strong track record of investing in Asia and other major globally.

The Board considers the invitation by the Controlling Shareholder to Gaw Capital to become a co-investor in Newco through its managed funds to partly fund the Rights Issue at a Subscription Price higher than the Closing Price and the Note Subscriber's direct subscription of the Senior Unsecured Note to be a sound financial solution to address the Company's immediate liquidity needs, in comparison to other less favourable alternatives in the current market environment.

The Strategic Funding & Partnership Proposal

App D1B
para 18(3)

To facilitate the introduction of Gaw Capital as a strategic investor (through its managed funds) and allowing Shareholders to participate in the Company's future growth, Digisino, Investor, and the Company have agreed to the Strategic Funding & Partnership Proposal with a view to raising aggregate proceeds of approximately HK\$1,992 million (before expenses and interests) involving:

1. **the proposed Rights Issue**, being a rights issue of 8,288,810,708 Rights Shares on the basis of 18 Rights Shares for every 10 Consolidated Shares held on the Record Date at a premium to Closing Price 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. Under the Irrevocable Undertaking, Newco has irrevocably undertaken to, and shall procure that Newco's subsidiaries shall, accept and pay approximately HK\$839 million for all of the Rights Shares (that is, a total of 4,661,272,854 Rights Shares) to be provisionally allotted to them under PALs, and shall apply for and tender payment of approximately HK\$319 million for a total of 1,774,724,996 excess Rights Shares under EAFs. The remaining balance of approximately HK\$334 million is fully underwritten by the Underwriter. For details of the Irrevocable Undertaking and the underwriting arrangement, please refer to the sections headed "Irrevocable Undertaking" and "THE RIGHTS ISSUE UNDERWRITING AGREEMENT" of this announcement.

The Subscription Price is set at HK\$[0.18] per Rights Share, which represents a premium of approximately [4.65]% over the theoretical closing price of HK\$[0.1720] per Consolidated Share based on the closing price of HK\$[0.0860] per Existing Share on the Last Trading Day, and a premium of approximately [1.64]% over the theoretical ex-rights price of approximately HK\$[0.1771] per

Consolidated Share based on the theoretical closing price of HK\$[0.1720] per Consolidated Share based on the closing price of HK\$[0.0860] per Existing Share on the Last Trading Day, reflecting intention that the Rights Issue should not be price dilutive. For more details of the Rights Issue, please refer to the section headed “THE RIGHTS ISSUE” in this announcement; and

2. **the proposed Senior Unsecured Note**, being a 4-year senior unsecured note to be issued to the Note Subscriber by the Note Issuer in the principal amount of HK\$500 million on normal commercial terms with an interest rate of 8.22% per annum. For details of the Note Subscription Agreement, please refer to the section headed “ISSUE OF THE SENIOR UNSECURED NOTE” of this announcement.

In addition to the Rights Issue and the Senior Unsecured Note, the Board also proposes the **Bonus Warrants Issue** alongside the Strategic Funding & Partnership Proposal with the aim to further enhance Shareholders’ participation in the Company’s future strategic development.

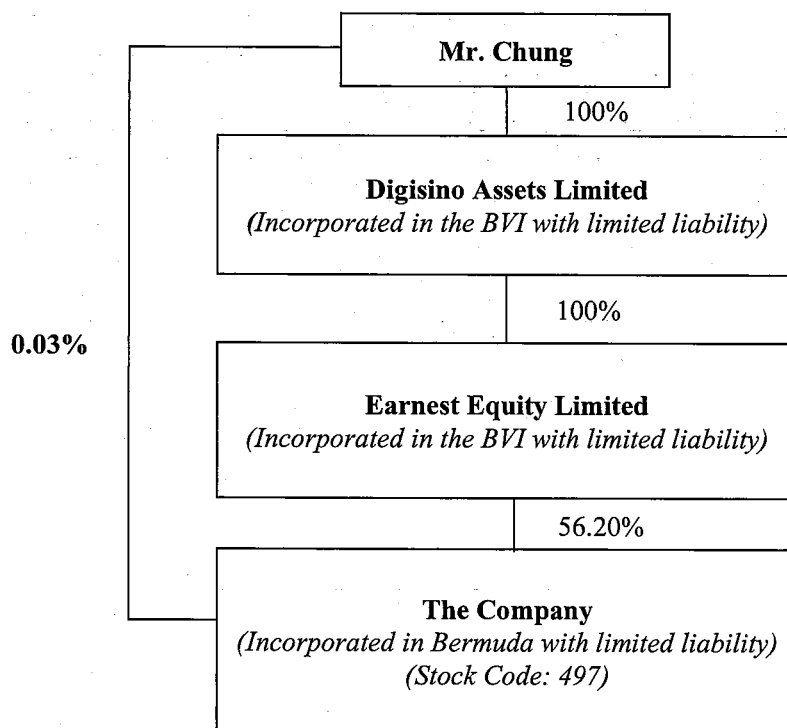
Under the proposed Bonus Warrants Issue, all existing Shareholders will be entitled to receive Bonus Warrants on the basis of one (1) Bonus Warrant for every ten (10) Consolidated Share held on the Record Date. Holders of the Bonus Warrants will be entitled to subscribe for Consolidated Shares at an initial Warrant Subscription Price of HK\$0.22, subject to adjustment, at any time before the Warrant Expiry Date. Please refer to the section headed “PROPOSED BONUS WARRANTS ISSUE” of this announcement for more details of the Bonus Warrants Issue.

Formation of Newco, the Subscription Agreement and the Shareholders’ Agreement

In connection with the Strategic Funding & Partnership Proposal, the Subscription Agreement and the Shareholders Agreement have been entered into on [22] January 2025 ([before/after] trading hours of the Stock Exchange) amongst Digisino, Investor and Newco

At present, Mr. Chung beneficially owns (directly and indirectly) 5,179,192,062 Existing Shares in the Company (approximately 56.24% of the total issued share capital of the Company), of which the beneficial interest in 3,045,000 Existing Shares, representing approximately 0.03% of the total issued share capital of the Company, is held directly by Mr. Chung, and the beneficial interest in 5,176,147,062 Existing Shares (representing approximately 56.20% of the total issued share capital in the Company) are held through Earnest Equity, a company indirectly wholly-owned by Mr. Chung.

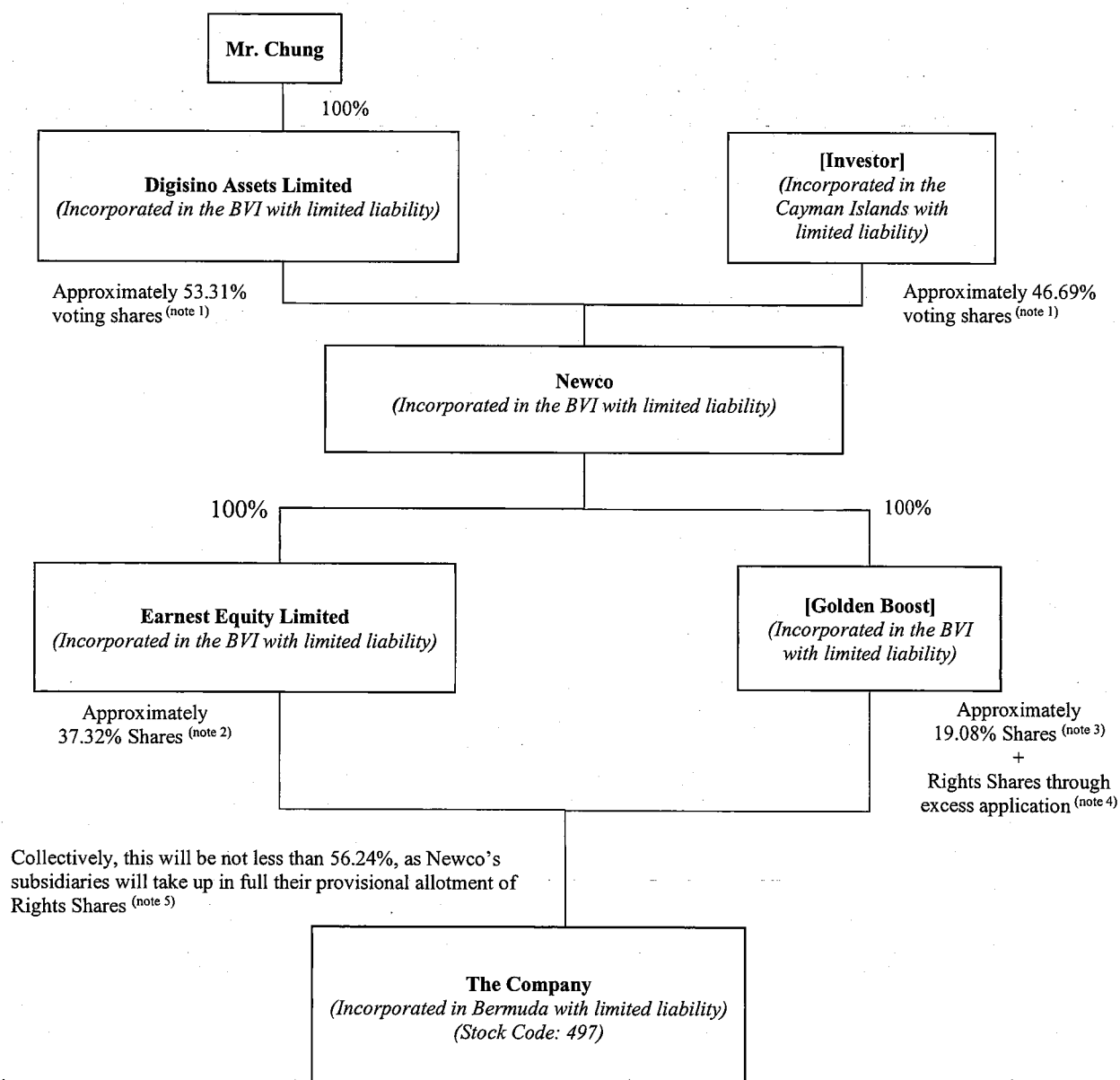
The following diagram sets out the current shareholding structure in respect of the ownership and control of the Company by Mr. Chung, as the ultimate beneficial owner of Earnest Equity, prior to the formation of Newco:



Pursuant to the Subscription Agreement, Digisino will transfer to Newco the entire issued share capital of Earnest Equity together with all debts of Earnest Equity and Mr. Chung will transfer all Shares he personally holds to Earnest Equity and Golden Boost.

Digisino and Investor agreed to each provide Newco a loan of HK\$400 million and approximately HK\$758 million (together, the “**Loan Funds**”), respectively, to fund the obligation of Earnest Equity and Golden Boost, respectively to participate in the Rights Issue. The Subscription Agreement further provides that, on completion of the Rights Issue, the respective loans shall be converted into shares in Newco proportionate to the Rights Shares to be held by Newco indirectly via Earnest Equity and Golden Boost respectively, with Mr. Chung continuing to maintain statutory and Takeovers Code control over Newco. Prior to completion of the Rights Issue, Investor will hold less than 1% of the issued share in Newco and it will have a right to nominate one director to the board of directors of Newco upon completion of the Rights Issue. Should the Rights Issue not proceed or should the excess application by Golden Boost only be partially accepted, the Loan Funds, or the residual amount of the Loan Funds, will be repaid to the respective parties.

The following diagram sets out the shareholding structure in respect of the ownership and control of the Company by Mr. Chung immediately after completion of the Rights Issue:



Notes:

1. *Assuming the excess applications are fully accepted, Mr. Chung's beneficial shareholding in Newco will be approximately 53% and the Investor's beneficial shareholding in Newco will be approximately 47%.*
2. *Represents 2,589,586,031 Consolidated Shares held by Earnest Equity (based on its 5,179,172,062 Existing Shares it will beneficially hold after completion of the Subscription Agreement) and the 2,222,222,222 Rights Shares to be taken up using the approximately HK\$400 million-loan provided by Digisino (which will in turn be funded by Mr. Chung).*
3. *Represents 10,000 Consolidated Shares (or 20,000 Existing Shares) which Golden Boost will hold after completion of the Subscription Agreement and the 2,439,050,632 Rights Shares which will be taken up by Golden Boost using the approximately HK\$439 million-loan provided by Investor.*
4. *After applying approximately HK\$439 million to take up the remaining 2,439,050,632 Rights Shares that are provisionally allotted for the benefit of the subsidiaries of Newco, the remaining approximately HK\$319 million loan provided by Investor will be applied towards the excess application for no more than 1,774,724,996 unsubscribed Right Shares.*
5. *Pursuant to the irrevocable undertaking made by Mr. Kan Sze Man, who undertook not to accept any of 21,411,450 Rights Shares to be provisionally allotted to him under PALs pursuant to the Rights Issue and shall not apply for any excess Rights Shares under the EAF. For details of the irrevocable undertaking made by Mr. Kan Sze Man, please refer to the section headed "Irrevocable Undertaking" in this announcement. The 21,411,450 Rights Shares not accepted by Mr. Kan Sze Man have been assumed to be taken up by Newco's subsidiaries.*

Intended Use of Proceeds

The Strategic Funding & Partnership Proposal is expected to generate additional liquidity through raising of approximately HK\$1,992 million, before interests and expenses, to strengthen further the Company's financial position. The Board intends to apply the proceeds from the Strategic Funding & Partnership Proposal as working capital and in or towards retiring indebtedness, which in turn will enhance the Company's financial position and its ability to tap future financing from banks and public markets as opportunities arise.

LR13.28(3)

LR7.19A

Business Plans

As disclosed in the Company's interim results announcement on 28 November 2024, the Board will continue to enhance and maintain the Company's liquidity and financial position, as well as managing a sustainable maturity profile for its liabilities. In the future, the Board will review various business plans and options that align with the Company's strategic objectives and its current growth trajectory. These plans, by no means exhaustive, and subject to market conditions, include the following:

- De-leverage the balance sheet of the Group to a more conservative level;
- Continue with the Group's current sales programme, targeting to achieve at least HK\$9,000 million in sales (based on a gross asset value attributable to the Group) within the next four (4) financial years ending 31 March 2029 to generate sufficient funds for debt repayment and demonstrate the Group's ability to monetise its property portfolio, with the aim of reducing the disparity between the Company's consolidated NAV and the trading price of the Shares. In the event that the aforementioned sales target is not met, the Group will seek to enhance its sales efforts to close the gap;
- Conduct business as usual but with a heightened strategic focus on exploring ways to reduce the discount between the price of the Shares and their attributable NAV, aiming to attract a market revaluation of the trading price of the Shares for the benefit of the Shareholders; and
- Not engaging in new significant investments or acquisitions without first obtaining approval from an investment committee, which will be established subsequent to the completion of the Strategic Funding & Partnership Proposal.

Continuity of Ownership and Management Control

By owning, through Digisino, approximately 53.31% of the total issued voting shares in Newco after the completion of the Rights Issue and conversion of the Loan Funds into voting shares of Newco, Mr. Chung will continue to maintain statutory control over the Company through Newco.

Thus, the implementation of the Proposal will not result in a change of management, leadership or control of the Company. The Board is encouraged by the financial support demonstrated by Investor and its commitment to work with the Board and management to implement the Group's business and strategic plans going forward.

Rationale and Expected Benefits of the Proposal

The Company reported a consolidated loss for the 2024 financial year, being the Company's first reported annual loss since Earnest Equity 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 due.

LR13.28(6)

LR7.19A

The following considerations have been taken on board in arriving the terms and structure of the Strategic Funding & Partnership Proposal:

- (a) the amount of funding required to strengthen the Group's liquidity and financial stability enabling it to repay the Groups' maturing indebtedness;
- (b) to allow Shareholders to participate fairly in pro-rata to their existing shareholding in the Company and avoid equity dilution by issuing bilateral

instrument such as share placement or other quasi-equity instrument to third parties;

- (c) to insulate share value dilution to Shareholders by pricing the issue price of the Rights Shares at a premium to Closing Market Price; and
- (d) The formation of the Newco and its related arrangements to lock in the long-term commitment of the Investor in the Company, and at the same time fully align with the Investor's expectation that the Controlling Shareholder shall remain committed to work in partnership together to achieve the Business Plans as defined in this announcement, and to comply with the covenants of the Group's existing banking facilities for the maintenance of shareholding control by the Controlling Shareholder.

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 the Investors.

The introduction of Gaw Capital as a strategic investor 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 (except the members of the Independent Board Committee whose opinion is subject to the advice of Independent Financial Adviser) consider the Proposal to be a milestone for the Company, repositioning for future growth and shareholders. Having Gaw Capital as the Company's long-term, strategic investor and business partner (through its managed funds), 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 their institutional perspectives and expertise across different international markets. The Directors are confident that Gaw Capital will through its managed funds enhance shareholders value, together with the Company's management, which has delivered sustained period of reported profits (except for the last interim results) since taking control of the Company in 2004.

The Strategic Funding & Partnership Proposal is consistent with the Company's stated objectives in its interim results announcement dated 28 November 2024, including prudent risk management and optimising the Company's capital structure to ensure adequate liquidity for debt obligations and potential future opportunities.

The Board is committed to further enhancing the Company's capital structure. Should favourable market conditions present themselves, the Company plans to potentially leverage both equity and debt capital markets with the aim of strengthening its balance sheet.

Expected Timetable

The expected timetable for the Strategic Funding & Partnership Proposal set out below is for indicative purposes only and has been prepared on the assumption that the conditions of the Share Consolidation, the Authorised Share Capital Increase, the Change in Board Lot Size, the Right Issue and the Bonus Warrants Issue will be fulfilled. All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable is subject to change, and any changes will be announced by the Company as and when appropriate.

LR14A.68(1)
1)

Events		Date (Hong Kong time)
Despatch date of the Circular, proxy form and notice of the SGM		On or before Monday, 17 February 2025
Latest time for lodging transfers of Shares to qualify for attendance and voting at the SGM		4:30 p.m. on Wednesday, 26 February 2025
Closure of register of members of the Company to determine entitlement to attend and vote at the SGM		Thursday, 27 February 2025 to Thursday, 6 March 2025
Latest time for lodging proxy forms for the SGM		11:00 a.m. on Tuesday, 4 March 2025
Record date for determining attendance and voting at the SGM		before 7:00 pm on Thursday, 6 March, 2025
Date and time of the SGM		11:00 am on Thursday, 6 March 2025
Announcement of poll results of the SGM		Thursday, 6 March 2025
Register of members of the Company re-opens		Friday, 7 March 2025
Effective date of the Share Consolidation, Authorised Share Capital Increase and Change in Board Lot Size		Monday, 10 March 2025
First day of free exchange of existing share certificates for Existing Shares for new share certificates for the Consolidated Shares		Monday, 10 March 2025
Commencement of dealings in the		9:00 a.m. on

Events		Date (Hong Kong time)
Consolidated Shares		Monday, 10 March 2025
Original counter for trading in Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes		9:00 a.m. on Monday, 10 March 2025
Temporary counter for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of existing share certificates) opens		9:00 a.m. on Monday, 10 March 2025
Last day of dealings in the Consolidated Shares on a cum-rights (relating to the Rights Issue and the Bonus Warrants Issue) basis		Monday, 10 March 2025
First day of dealings in the Consolidated Shares on an ex-rights (relating to the Rights Issue and the Bonus Warrants Issue) basis		Tuesday, 11 March 2025
Latest time for the Shareholders to lodge transfer documents of the Consolidated Shares in order to qualify for the Rights Issue and the Bonus Warrants Issue		4:00 p.m. on Wednesday, 12 March 2025
Closure of register of members to determine the eligibility of the Rights Issue and the Bonus Warrants Issue (both dates inclusive)		Thursday, 13 March 2025 to Thursday, 20 March 2025
Record Date for participation in the Rights Issue and Bonus Warrants Issue		Thursday, 20 March 2025
Register of members of the Company re-opens		Friday, 21 March 2025
Prospectus Documents (in case of the Non-Qualifying Shareholder(s), the Prospectus only) are despatched to the Qualifying Shareholders)		Friday, 21 March 2025
Original counter for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new		9:00 a.m. on Monday, 24 March 2025

Events		Date (Hong Kong time)
share certificates) reopens		
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences		Monday, 24 March 2025
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares		9:00 a.m. on Monday, 24 March 2025
First day for dealings in nil-paid Rights Shares		Tuesday, 25 March 2025
Latest time for splitting PALs / nil-paid Rights Shares		4:00 p.m. on Thursday, 27 March 2025
Last day for dealings in nil-paid Rights Shares		Tuesday, 1 April 2025
Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares		4:00 p.m. on Monday, 7 April 2025
Certificates for the Bonus Warrants expected to be despatch on or before		Monday, 7 April 2025
Commencement of dealings in the Bonus Warrants		Monday, 7 April 2025
Latest time to terminate the Rights Issue Underwriting Agreement and for the Rights Issue to become unconditional		4:00 p.m. on Friday, 11 April 2025
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares		4:00 p.m. on Monday, 14 April 2025
Temporary counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of existing share certificates) closes		4:00 p.m. on Monday, 14 April 2025

Events		Date (Hong Kong time)
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends		4:00 p.m. on Monday, 14 April 2025
Announcement of the results of the Rights Issue including applications for excess Rights Shares published on the Stock Exchange's website and the Company's website on or before		on or before Monday, 14 April 2025
Despatch of certificates for fully-paid Rights Shares and refund cheques (if any)		on or before Tuesday, 15 April 2025
Commencement of dealings in fully-paid Rights Shares		9:00 a.m. on Wednesday, 16 April 2025
Latest time for free exchange of existing share certificates for new share certificates		4:30 p.m. on Wednesday, 16 April 2025

Effect of bad weather or extreme conditions on the Latest Time for Acceptance and payment for the Rights Shares

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. "extreme conditions" caused by super typhoons as announced by the Hong Kong Government; or
3. a "black" rainstorm warning
 - (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

- (iii) If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “Expected timetable” above may be affected. An announcement will be made by the Company in such event.

II. THE RIGHTS ISSUE

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

LR13.28(1)

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

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

Rights Issue Statistics

LR13.28(7)
LR13.28(2)

Basis of the Rights Issue: 18 Rights Shares for every 10 Consolidated Shares held by the 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) Consolidated Shares then held.

Shareholders will be allotted nil-paid Rights Shares strictly based on whole multiples of ten (10) Consolidated Shares held. Accordingly, Qualifying Shareholders with fewer than 10 Consolidated Shares will not be allotted any Rights Share.

LR13.28(2)

Subscription Price: HK\$0.18 per Rights Share

Number of Existing Shares in issue as at the date of this announcement: 9,209,789,676 Existing Shares

Number of Consolidated Shares in issue upon the Share Consolidation becoming effective: 4,604,894,838 Consolidated Shares

Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully taken up): 8,288,810,708 Rights Shares *(Note 1)*

Undertaken Shares: A total of 6,435,997,850 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation) comprising:

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(a) 4,661,272,854 Rights Shares to be provisionally allotted to the relevant subsidiaries of Newco; and

(b) 1,774,724,996 excess Rights Shares to be applied for by Golden Boost as a Qualifying Shareholder following the completion of the Subscription Agreement on an EAF

Number of Rights Shares underwritten: 1,852,812,858 Rights Shares (assuming no Shares will be issued or repurchased by the Company on or before the Record Date), being the number of Rights Shares of 8,288,810,708 minus the Undertaken Shares of 6,435,997,850

Total number of issued Consolidated Shares as enlarged by the allotment and issue of the Rights Shares (assuming the Rights Issue is fully taken up): 12,893,705,546 Consolidated Shares *(Note 1)*

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

LR13.28(2)
LR13.28(3)
LR7.19A

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

LR13.28(2)
LR13.28(3)
LR7.19A

Notes:

1. Assuming no change in the total number of issued Existing or Consolidated Shares (as the case may be) on or before the Record Date.

Under the Rights Issue, the Company proposes to provisionally allot 8,288,810,708 Rights Shares (assuming no change in the total number of issued Existing or Consolidated Shares (as the case may be) on or before the Record Date), representing approximately 180.00% of the total issued Consolidated Shares and approximately 64.29% of the total issued Consolidated Shares as enlarged by the Rights Shares immediately after the Share Consolidation becomes effective. Assuming the Share Consolidation becoming effective and the completion of the Rights Issue, the aggregate nominal value of the Rights Shares of nominal value of HK\$0.016 each will be approximately HK\$132.62 million.

LR13.28(2)

Subject to the passing of the Rights Issue resolution at its SGM to be held on [Thursday, 6 March 2025], the Company proposes to grant one (1) warrant to holders of every ten

(10) Consolidated Shares and so in proportion for any other number of 10 Consolidated Shares then held. Please refer to the section headed “PROPOSED BONUS WARRANTS ISSUE” in this announcement for further details of the proposed grant of Bonus Warrants. As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Consolidated Shares.

The Board (except the members of the Independent Board Committee whose view will be expressed in the circular after considering the opinion of the Independent Financial Adviser) 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 is 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.

LR13.28(2)

LR13.28(4)

The Subscription Price represents:

- (i) a premium of approximately [4.65]% over the theoretical closing price of HK\$[0.1720] per Consolidated Share based on the closing price of HK\$[0.0860] per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately [5.14]% over the average theoretical closing price of approximately HK\$[0.1712] per Consolidated Share based on the average closing price of approximately HK\$[0.0856] per Existing 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 approximately HK\$[0.1710] per Consolidated Share based on the average closing price of approximately HK\$[0.0855] per Existing 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 [1.64]% over the theoretical ex-rights price of approximately HK\$[0.1771] per Consolidated Share derived from the closing price of HK\$[0.1720] per Consolidated Share based on the closing price of HK\$[0.0860] per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (v) a discount of approximately [69.66]% to the latest published consolidated NAV of approximately HK\$[0.5932] per Consolidated Share based on the consolidated NAV of the Group as at 30 September 2024 of approximately HK\$2,731.65 million as disclosed in the interim report of the Company for the six months ended 30 September 2024 and 4,604,894,838 Consolidated Shares in issue as at the date of this announcement); and

- (vi) no theoretical dilution effect (as defined under LR7.27B of the Listing Rules) of the theoretical diluted price of approximately HK\$[0.1771] per Consolidated Share to the benchmarked price of approximately HK\$[0.1720] per Consolidated Share (as defined under LR7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$[0.0860] per Existing Share and the average of the closing prices as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement of approximately HK\$[0.0856] per Existing Share).

The net price per Rights Share (i.e. the Subscription Price less costs and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotments of Rights Shares is estimated to be approximately HK\$[0.1755] (assuming no change in the total number of issued Existing Shares or Consolidated Shares on or before the Record Date).

LR13.28(4)

LR13.28(2)

The Subscription Price was determined by the Company with reference to, among others, (i) the intention that the Rights Issue should be non-price dilutive; (ii) the amount of funds the Company intends to raise under the Rights Issue; and (iii) the theoretical market price of the Consolidated Shares under the market conditions preceding and including the date of this announcement.

LR13.28(4)

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL or EAF will be sent to the Non-Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

LR13.28(7)

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders should consult their professional advisers if they are in doubt.

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para 18(2)

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the share registrar of the Company in Hong Kong by no later than 4:30 p.m. [Wednesday, 12 March 2025].

The last day of dealings in the Shares on cum-rights basis is expected to be [Monday, 10 March 2025]. The Shares are expected to be dealt with on an ex-rights basis from [Tuesday, 11 March 2025].

LR13.28(1
5)

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.

Rights of the Overseas Shareholders

LR13.28(1 5)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue as explained below.

In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholders. As at the date of this announcement, there is only one Overseas Shareholder, with a registered address situated in Canada.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL and EAF) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to LR13.36(2)(a) of the Listing Rules.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the Consolidated Shares then 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.

LR13.28(2) App D1B para 18(2)

No fractional entitlements to the Rights Shares

Shareholders will be allotted nil-paid Rights Shares strictly based on whole multiples of ten (10) Consolidated 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 the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares 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 the Qualifying Shareholders under the EAFs.

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Odd Lot Arrangement

In order to facilitate the trading of odd lots of shares arising from the Share Consolidation and the Change in Board Lot Size or the Rights Issue, a designated broker will be appointed to provide odd lots matching services. Details of the odd lot arrangement will be provided in the Circular.

Application for excess Rights Shares

LR13.28(7)

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

LR7.21(1a)

- (i) any Rights Shares which would have been provisionally allotted to the Non-Qualifying Shareholders had they been Qualifying Shareholders;
 - (ii) any Rights Shares provisionally allotted to but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renounces 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 LR7.21(3)(a) of the Listing Rules, the Company will allocate the excess Rights Shares (if any) at their discretion but on a fair and equitable basis as far as practicable 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 Consolidated Shares held by a Qualifying Shareholder on the Record Date; and

- (iii) if the aggregate number of Rights Shares not taken up by the 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 that 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.

Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotments must complete the EAF in addition to the PAL.

LR13.28(7)

Applications for excess Rights Shares can be made only by the Qualifying Shareholders and only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:00 p.m. on Monday, 7 April 2025 or such later date as the Company may determine.

Pursuant to LR7.21(3)(b) of the Listing Rules, the Company will take steps to identify the excess applications made by Earnest Equity and, or its 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 company (or which are deposited in CCASS) should note that the Board will regard such nominee company (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. Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders should consult their professional advisors if they are in any doubt as to their status. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 7 April 2025.

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 Bonus Warrants, 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.

CCASS

The nil-paid Rights Shares and fully-paid Rights Shares will have the same board lot size as the Consolidated Shares.

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 respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange 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.

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LR7.21(1)

LR7.21(3)

Procedures in respect of Rights Shares of Non-Qualifying Shareholders

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the 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.

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LR7.21(1)

Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the 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 the Qualifying Shareholders under the EAFs.

Stamp duty and other applicable fees

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Share certificates and refund cheques for the Rights Shares

Subject to the fulfilment or waiver (as applicable) of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be

posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Tuesday, 15 April 2025. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be despatched on or before Tuesday, 15 April 2025 to the applicants without interest at their registered addresses by ordinary post at their own risks.

If the Rights Issue does not become unconditional or does not proceed, the monies received in respect of the relevant provisional allotments and/or applications for excess Rights Shares (if any) will be refunded to the Qualifying Shareholders or such other person to whom the Rights Shares in nil-paid form have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Tuesday, 15 April 2025.

Irrevocable Undertaking

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Following the injection of Earnest Equity into Newco, Newco, through Earnest Equity and Golden Boost, will beneficially own 5,179,192,062 Existing Shares, representing approximately 56.24% of the currently issued Share capital of the Company.

Immediately after the completion of the Share Consolidation, Newco, through entities controlled by it, will beneficially own 2,589,596,031 issued Consolidated Shares, representing approximately 56.24% of the total number of issued Consolidated Shares then in issue.

On [22] January 2025 ([before/after] trading hours of the Stock Exchange), Newco entered into the Irrevocable Undertaking, pursuant to which, Newco undertook in favour of the Company, among other things:

- (a) the Newco shall procure that, before the Record Date, the Newco shall acquire a total of 5,179,192,062 Existing Shares or, upon the Share Consolidation becoming effective, a total of 2,589,596,031 Consolidated Shares through its wholly-owned subsidiaries, out of which 5,179,172,062 Existing Shares shall be acquired by Earnest Equity and 20,000 Existing Shares shall be acquired by Golden Boost;
- (b) Newco shall remain as the beneficial owner of all the 2,589,596,031 Consolidated Shares as at the close of business on the Record Date;
- (c) Newco will remain as the legal and beneficial owner of the entire issued share capital of Earnest Equity and Golden Boost holding the 5,179,192,062 Existing Shares or, upon the Share Consolidation becoming effective, 2,589,596,031 Consolidated Shares and will procure such Existing Shares or (as the case may be) the Consolidated Shares held by them to remain registered in the name of or held by Earnest Equity or (as the case may be) Golden Boost until the commencement of dealings in the Rights Shares in fully-paid form;

- (d) Newco shall procure Earnest Equity and Golden Boost 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 them at or before 4:00 p.m. on the Latest Acceptance Date (out of which 2,222,222,222 nil paid Right Shares will be taken up by Earnest Equity, and 2,439,050,632 nil paid Right Shares will be taken up by Golden Boost);
- (e) Newco shall procure Golden Boost to apply (by way of excess application) for 1,774,724,996 Right Shares;
- (f) 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 its subsidiaries and procure full payment of the same by such subsidiary(ies); and
- (g) to the extent permitted by the Listing Rules, Newco shall and shall procure its subsidiaries as shareholders of the Company to vote all their Shares in favour of all resolutions to be proposed at the SGM.

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

As at the date of this announcement, Mr. Kan Sze Man beneficially owns 23,790,500 Existing Shares, representing approximately 0.26% of the currently issued Share capital of the Company. Immediately after the completion of the Share Consolidation, Mr. Kan Sze Man will beneficially own 11,895,250 issued Consolidated Shares, representing approximately 0.26% of the total number of issued Consolidated Shares then in issue.

On [22] January 2025 ([before/after] 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:

- (a) in respect of the 23,790,500 Existing Shares owned by him, he shall remain as the sole beneficial owner of all of such Existing Shares (or upon the Share Consolidation becoming effective, such 11,895,250 Consolidated Shares) from the date of the irrevocable undertaking until the close of business on the Record Date;
- (b) he shall not take up any of the 21,411,450 Rights Shares to be provisionally allotted to him under PALs pursuant to the Rights Issue;
- (c) he shall not apply for any Rights Shares under the EAFs; and
- (d) to the extent permitted by the Listing Rules, he shall procure that votes in respect of the 23,790,500 Existing Shares are cast in favour of all resolutions to be

proposed at the SGM that are required to give effect to the Strategic Funding & Partnership Proposal and other transactions contemplated by this announcement.

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 to be provisionally allotted to them under the Rights Issue as at the date of this announcement.

Other Undertakings

Nomination of one Director

On [22] January 2025 ([before/after] trading hours of the Stock Exchange), Digisino, Newco and the Company entered into a letter of undertaking in favour of Investor, pursuant to which, among other things, (i) Digisino and Newco agreed and undertook to, with effect from the Strategic Funding & Partnership Proposal Completion Date and for so long as the Investor remains a shareholder of Newco, use their respective best endeavours to procure the appointment of one individual (or his/her replacement) to be nominated by the Investor as a non-executive Director; and (ii) the Company undertook to do all such things for such appointment, and in each case subject to the requirements of the Listing Rules and the memorandum of association and bye-laws of the Company.

Fully Underwritten Basis

LR7.19(2)

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.

The obligations of the Underwriter to underwrite the Underwritten Shares are conditional on (i) the satisfaction (or, as applicable, waiver) of the conditions of the Rights Issue Underwriting Agreement referred to in the section headed "IV. THE RIGHTS ISSUE UNDERWRITING AGREEMENT" in this announcement below, and (ii) the Rights Issue Underwriting Agreement not being terminated. If the conditions of the Rights Issue Underwriting Agreement are not fulfilled (or waived) or the Rights Issue Underwriting Agreement is terminated, the Rights Issue will not proceed.

Conditions to the Rights Issue

The Rights Issue will be conditional on (i) the approval of the Rights Issue, the Share Consolidation, the Authorised Share Capital Increase and the Facilitation Agreement and the 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, in accordance with their respective terms and conditions. None of the above conditions can be waived. In the event that any of the Rights Issue Underwriting Agreement, the Note Subscription Agreement or the Facilitation Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

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para 18(2)

LR13.28(14)

The Rights Issue is not conditional on the Bonus Warrants Issue.

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 date of this announcement; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; and (iii) immediately after completion of the Rights Issue (assuming save for Newco subsidiaries, none of the other Qualifying Shareholders has taken up any Rights Shares in their provisional allotments, and the Underwriter fully takes up all Underwritten Shares) in each case assuming no change in the total number of issued shares on or before the Record Date. The scenarios assume:

- (a) all Qualifying Shareholders take up their respective provisional allotments of Rights Shares in full;
- (b) no Qualifying Shareholders take up any of the Rights Shares (other than Newco who shall take up the Rights Shares in respect of the Undertaken Shares pursuant to the Irrevocable Undertaking); and
- (c) no Bonus Warrant is exercised.

Shareholders (Note 1)	As at the date of this announcement		All Rights Shares are subscribed by the Qualifying Shareholders other than [Mr. Kan Sze Man] (Note 3)		None of the Rights Shares (except for the Undertaken Shares) are subscribed by the Qualifying Shareholders and all taken up by the Underwriter	
	No. of Consolidated Shares	%	No. of Consolidated Shares	%	No. of Consolidated Shares	%
Mr. Chung, Newco & Subsidiaries (Note 2)	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	0.09%	11,895,250	0.09%
Public						
- Public Shareholders	2,003,403,557	43.51%	5,609,529,960	43.51%	2,003,403,557	15.54%
- Underwriter	-	-	-	-	1,852,812,858 (Note 4)	14.37% (Note 4)
Total number of Consolidated Shares	4,604,894,838	100%	12,893,705,546	100%	12,893,705,546	100%

Note:

- As at the date of this announcement, the Company does not hold any legal or beneficial interest in treasury Shares.
- Pursuant to the Subscription Agreement, Mr. Chung will transfer to Newco all Shares he holds, directly and indirectly, into Newco and its subsidiaries.
- Pursuant to the irrevocable undertaking made by Mr. Kan Sze Man, who undertook not to accept any of 21,411,450 Rights Shares to be provisionally allotted to him under PALs pursuant to the Rights Issue and shall not apply for any excess Rights Shares under the EAF. For details of the irrevocable undertaking made by Mr. Kan Sze Man,

LR13.28(10)

LR13.28(10)

please refer to the section headed “Irrevocable Undertaking” in this announcement. The 21,411,450 Rights Shares not accepted by Mr. Kan Sze Man have been assumed to be taken up by Newco and its subsidiaries.

4. *Pursuant to the Rights Issue Underwriting Agreement, the Underwriter has undertaken to the Company that, among others, it would not, and would use reasonable endeavours to procure each of 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. Further, in the event there was insufficient public float after the completion of the Rights Issue, which the management of the Company is confident will be unlikely, it is the intention of the Company to apply for a temporary waiver from strict compliance with the minimum public float requirement for a reasonable period, so as to restore the minimum percentage of securities in public hand after the expiration of the waiver.*

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.

III. THE RIGHTS ISSUE UNDERWRITING AGREEMENT

LR13.28(10)

The Rights Shares (other than the Undertaken Shares, i.e., those agreed to be taken up, and applied for, by Newco pursuant to the Irrevocable Undertaking) will be 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 set out below:

Date: [22] January 2025 ([before/after] trading hours of the Stock Exchange)

Issuer: The Company

Underwriter: Underwriter, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activities under the SFO, and its ordinary course of business includes underwriting of securities.

LR7.19(1)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with LR7.19(1) of the Listing Rules.

Number of Rights Shares to be underwritten by the Underwriter: Up to 1,852,812,858 Rights Shares (assuming no Shares will be issued or repurchased by the Company on or before the Record Date), being the number of Rights Shares of 8,288,810,708 less the Undertaken Shares of 6,435,997,850

Underwriting Commission: The Underwriter shall receive 2% of the total Subscription Price of the Underwritten Shares

Undertaking in respect of public float: The Underwriter has undertaken to the Company that it would not, and would use reasonable endeavours to procure each of 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 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.

LR13.28(10)

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 the prevailing market commission rate. 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.

Conditions of the Rights Issue Underwriting Agreement

The Rights Issue Underwriting Agreement is conditional upon the fulfilment (or waiver, where applicable, 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 the Independent Shareholders at the SGM of ordinary resolutions 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 Companies Registry 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 any other applicable legal requirements;

(c) the posting of the Prospectus Documents to the 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 Consolidated 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 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 applicable laws, regulations or rules in Hong Kong (including the Listing Rules) 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 other 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 shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise.

Termination of the Rights Issue Underwriting Agreement

LR7.19(2)

The Underwriter shall be 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 Company and the Underwriter 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, this 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, 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 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. A further announcement will be made if the Rights Issue Underwriting Agreement is terminated by the Underwriter.

IV. ISSUE OF THE SENIOR UNSECURED NOTE

In connection with the Strategic Funding & Partnership Proposal, on [22] January 2025 ([before/after] trading hours of the Stock Exchange), the Note Issuer, the Company and the Note Subscriber, a company owned by a consortium of institutional investors led by a subsidiary of Gaw Capital (as general partner of Gateway Real Estate Fund VII (Singapore) L.P.), entered into the Note Subscription Agreement, pursuant to which the Note Issuer has conditionally agreed to issue, and the Note Subscriber has conditionally agreed to subscribe for, the Senior Unsecured Note with a principal amount of HK\$500 million. Details of the Note Subscription Agreement are set out below.

LR14.60(1)

The Note Subscription Agreement

Date

[22] January 2025 ([before/after] trading hours of the Stock Exchange)

LR14.58(3)

Parties to the Note Subscription Agreement

- (a) The Note Issuer, namely Affinity Ocean Limited, a wholly-owned subsidiary of the Company;
- (b) The Company, as guarantor; and
- (c) The Note Subscriber

Subscription Price and Basis of Determination

The Note Subscriber has conditionally agreed to subscribe for the Senior Unsecured Note in the principal amount of HK\$500 million at a subscription price of 93% of its face amount with an interest of 8.22% per annum, payable semi-annually in arrears and on the Note Maturity Date or, if earlier, upon redemption of the Senior Unsecured Note.

LR14.58(4)
LR14.58(5)

The subscription price shall be payable by the Note Subscriber (or its affiliate, if applicable) to the Note Issuer on the Note Issue Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Investor having taken into account of, among other things, the overall difficulty and uncertainty faced by the Group in securing substantial amount of long-term funding in the current adverse market condition and high-interest rate economic environment, as explained in more details in the section headed "Rationale and Expected Benefits of the Proposal" in this announcement.

Conditions Precedent

Completion of the Note Subscription Agreement is conditional upon:

- (a) the receipt of the documentary conditions precedents by the Note Subscriber in form and substance satisfactory to it, including all the required documents and evidence listed in the Note Subscription Agreement and all information enabling the Note Subscriber to make payment for the purposes of closing, [on or prior to the date falling 10 business days prior to the Note Issue Date (or such shorter period as may be agreed between the Note Issuer and the Note Subscriber)];
- (b) on or prior to the Note Issue Date, the receipt by the Note Subscriber in form and substance satisfactory to it evidence of (i) the commencement of the dealings of fully-paid Rights Shares; and (ii) any waivers, consents, authorisations, clearances and approvals which are required under the Listing Rules and the Takeovers Code for the Note Subscription Agreement and the transactions contemplated thereunder have been granted, fulfilled or given (as applicable), and all such waivers, consents, authorisations, clearances and approvals have not been revoked or withdrawn;
- (c) on the Note Issue Date, no default under the Note Subscription Agreement is continuing or would result from the issue of the Senior Unsecured Note; and
- (d) on the Note Issue Date, the representations made by the Note Issuer and the Company under the Note Subscription Agreement are true in all material respects.

Completion

The completion of the Note Subscription Agreement shall take place on the Note Issue Date (being a date selected by the Note Issuer) by delivery of a duly completed subscription request to the Note Subscriber not later than 5:00 p.m. (Hong Kong time) on the date falling 10 business days before the proposed Note Issue Date (or such shorter period as may be agreed between the Note Issuer and the Note Subscriber) pursuant to the terms of the Note Subscription Agreement and at completion, the Note Issuer will deliver to the Note Subscriber the Senior Unsecured Note dated the Note Issue Date against payment by the Note Subscriber to the Note Issuer of the net proceeds of the issue of the Senior Unsecured Note.

Principal Terms of the Senior Unsecured Note

Note Issuer	Affinity Ocean Limited, a wholly-owned subsidiary of the Company
Guarantor	the Company
Principal amount	HK\$500 million
Subscription price	93% of the principal amount of the Senior Unsecured Note, being HK\$465,000,000
Interest rate	8.22% per annum
	The Note Issuer shall pay accrued interest on the last day of each interest period. Each interest period shall have a duration of six months or such other period agreed between the Note Issuer and the holder of the Senior Unsecured Note.
Maturity	The fourth anniversary of the Note Issue Date
Early redemption or Redemption at the option of the Note Issuer	[The Note Issuer shall be entitled to redeem in whole or in part of the outstanding principal amount of the Senior Unsecured Note at any time after the second anniversary of the Note Issue Date at the following redemption price, together with interest accrued to such date: (i) On or after the second anniversary of the Note Issue Date but before the third anniversary of the Note Issue Date: 97.8 per cent. of the principal amount of the Senior Unsecured Note; (ii) On or after the third anniversary of the Note Issue Date but before the Note Maturity Date: 100.5 per cent. of the principal amount of the Senior Unsecured Note.
Early redemption on Change of Control at the option of the Note Issuer	At any time following the occurrence of a Change of Control Event (as defined in the terms and conditions of the Senior Unsecured Note), the holder of the note will have the right, at such holder's option, to require the Note Issuer to redeem the Senior Unsecured Note on the Change of Control Put Date (as defined below) at the following prices: (1) in the case of a Change of Control Event Put Date falling on a date prior to the third anniversary of the Note Issue Date, 100 per cent. of its principal

amount together with interest accrued to such date; or

- (2) in the case of a Change of Control Event Put Date falling on a date on or after the third anniversary of the Note Issue Date, 100.5 per cent. of its principal amount together with interest accrued to such date.

Under the terms and conditions of the Senior Unsecured Note, “**Change of Control Event**” occurs:

- (a) if Mr. Chung does not or ceases to hold, directly or indirectly, at least 30 per cent. of the voting rights of the issued share capital of the Company, or he ceases to be the largest single shareholder of the Company;
- (b) the Company does not or ceases to directly own 100 per cent. of the issued shares of and voting rights in the Note Issuer; or
- (c) the Company consolidates with or merges into or sells or transfers all or substantially all of its assets to any other person other than Mr. Chung, unless the consolidation, merger, sale or transfer will result in Mr. Chung:
 - holding, directly or indirectly, at least 30 per cent. of the voting rights of the issued share capital of the Company (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer); or
 - being the largest single shareholder of the Company (in the case of a consolidation or merger) or the successor entity (in the case of a sale or transfer).

If a Change of Control Event occurs, the Note Issuer shall promptly notify the holder of the occurrence of such event in writing. The holder must, during the period of 14 days after the date of such notice from the Note Issuer, deposit with the Company the certificate relating to the Senior Unsecured Note and a duly completed put option notice. The **Change of Control Put Date** shall be the day after the last day of the 14-day period.

Redemption at maturity

[The Note Issuer shall on the Note Maturity Date redeem the Senior Unsecured Note at a price equal to 100.5 per cent. of its principal amount]

Status of the Unsecured Note	Senior	The Senior Unsecured Note will constitute a unsubordinated and unsecured obligation of the Note Issuer rateably and equally with all other existing and future unsecured and unsubordinated obligations of the Note Issuer, save for such obligations that may be preferred by provisions of law that are mandatory
Transferability		The prior written consent of the Note Issuer is required for any assignment or transfer by the holder unless the transfer is (i) to an affiliate of the holder; (ii) to a fund which is a related fund of the holder or (iii) made at a time when an event of default is continuing.
Voting		The Note Subscriber will not by reason only of being the holder of the Senior Unsecured Note be entitled to attend or vote at any general meeting of the Company or the Note Issuer
Acceleration:		On and at any time after the occurrence of an event of default which is continuing, the holder of the Senior Unsecured Note may, by notice to the Note Issuer: (i) declare the Senior Unsecured Note together with accrued interest, and all other amounts accrued or outstanding under the Note Subscription Agreement, the Senior Unsecured Note or other finance documents (collectively the “Finance Documents”) be immediately due and payable, whereupon they shall become immediately due and payable; and/or (ii) declare that the Senior Unsecured Note be payable on demand, whereupon it shall immediately become payable on demand by the holder of the Senior Unsecured Note.
Events of Default		[The material events of default of the Senior Unsecured Note are summarised below: (a) the Note Issuer or the Company (each an “Obligor”) fails to pay any amount due and payable pursuant to a Finance Document under the provisions specified therein; (b) the requirement of the financial covenant given by the Note Issuer that, at any time, the aggregate value of the total assets of the Company (on a consolidated basis) less the aggregate value of the total liabilities of the Company (on a consolidated basis), as determined by reference to the most

recent financial statements of the Company delivered to the holder of the Senior Unsecured Note, [is not less than HK\$7,000 million,] is not satisfied;

- (c) if any Obligor fails to comply with any other provisions of the Finance Documents;
- (d) a representation or statement made or deemed to be made by any Obligor in the Finance Documents or other related documents delivered thereunder by an Obligor is or proves to have been incorrect or misleading in any material respect;
- (e) if an event of cross default occurs (including where the financial indebtedness of any member of the Group not paid when due, or a creditor of any member of the Group becomes entitled to declare financial indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described) which is reasonably likely to have a material adverse effect, save where the financial indebtedness in aggregate not exceeding HK\$50 million);
- (f) if any Obligor or any material subsidiary of the Company is involved in any insolvency event or insolvency proceedings or creditors' process;
- (g) if any Obligor or material subsidiary of the Company fails to comply with or pay by the required time any sum due from it under any final judgment or any final order made or given by a court (unless it is discharged within 30 days);
- (h) if any Obligor repudiates or purports to repudiate a Finance Document.

Listing

No application shall be made for the listing of the Senior Unsecured Note on the Stock Exchange or in any other jurisdiction [or quoted in any over-the-counter exchange].

The Board (excluding the independent non-executive Directors whose view will be expressed in the circular after considering the opinion of the Independent Financial Adviser) considers that the Note Subscription Agreement is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

V. THE FACILITATION AGREEMENT

Date

[22] January 2025 ([before/after] trading hours of the Stock Exchange)

LR14.58(3)

Parties

(i) The Company;

(ii) Investor (together, the “Parties”)

Background, Consideration and Basis of Determination

Pursuant to the Facilitation Agreement, the Company agreed to pay the Investor a fee of HK\$[22] million on the Strategic Funding & Partnership Proposal Completion Date.

LR14.58(4)
LR14.58(5)
LR14.58(8)

The fee was agreed by the Company in consideration of the Investor’s contributions to the Company under the Strategic Funding & Partnership Proposal and agreeing to provide funding support under the Strategic Funding & Partnership Proposal.

The amount to be paid to the Investor was determined after arm’s length negotiations between the Company and the Investor having taken into account of, among other things, the overall difficulty and uncertainty faced by the Group in securing substantial amount of long-term funding in the current adverse market condition and high-interest rate economic environment, and the benefits that would be brought to the Group by the Strategic Funding & Partnership Proposal as explained in more details in the section headed “Rationale and Expected Benefits of the Proposal” in this announcement.

LR14.58(5)

The Board (excluding the independent non-executive Directors whose view will be expressed in the circular after considering the opinion of the Independent Financial Adviser) considers that the Facilitation Agreement is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

LR14.58(8)

Obligations

The Company shall use its best endeavours to implement the Strategic Funding & Partnership Proposal in accordance with the timetable and Investor shall provide such co-operation and assistance to the Company as the Company may reasonably request in writing in connection therewith.

Except as otherwise required by applicable laws, the Company undertakes not to withdraw the Strategic Funding & Partnership Proposal or allow the transactions contemplated by the Strategic Funding & Partnership Proposal to lapse or procure their withdrawal without the prior written consent of Investor.

Condition

The Company's obligation to pay the fee under the Facilitation Agreement is conditional on any waivers, consents, authorisations, clearances and approvals which are required under the Listing Rules and the Takeovers Code for the Facilitation 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.

Termination

If the Rights Issue is terminated the rights and obligations of Investor and the Company under the Facilitation Agreement shall lapse and neither party shall have any claim against the other under or in connection with the Facilitation Agreement, save in respect of antecedent breaches of the Facilitation Agreement.

VI. PROPOSED BONUS WARRANTS ISSUE

The Board proposes, subject to the satisfaction of the condition below, to make the Bonus Warrants Issue to the Qualifying Shareholders on the basis of one (1) Bonus Warrant for every ten (10) Consolidated Share (or every twenty (20) Existing Shares prior to the Share Consolidation) held on the Record Date and so in proportion for any other number of whole multiples of ten (10) Consolidated Shares then held.

LR13.28(7)

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

Special Mandate

The Bonus Warrants and the Bonus Warrant Shares will be issued pursuant to a specific mandate to be sought at the SGM. As no Shareholders have any interest in the Bonus Warrants Issue that is different to that of Shareholders generally, no Shareholder will be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the SGM.

LR13.28(2)

LR13.28(12)

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). Based on the 9,209,789,676 issued Existing Shares as at the date of this announcement and assuming that no further Shares will be issued or repurchased by the Company from the date of this announcement up to the Record Date, the maximum number of Bonus Warrants to be issued will be 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 date of this announcement, 3.57% of the number of enlarged Consolidated Shares immediately after the Share Consolidation and Rights Issue, and approximately 3.45% of the Consolidated Shares as enlarged by the Rights Issue and the Bonus Warrant Shares to be issued upon the exercise of Warrant

LR13.28(2)

LR13.28(3)

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 is conditional upon (i) the passing at the SGM of the necessary resolutions to approve the issue of the Bonus Warrants and the Bonus Warrant Shares and the Strategic Funding & Partnership Proposal; and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Warrants and the Bonus Warrant Shares.

LR13.28(14)

Subscription Price and Subscription Period

The Bonus Warrants will be issued in registered form and each Bonus Warrant will entitle the holder thereof to subscribe in cash for 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 expected to be from [Monday, 7 April 2025] to [Wednesday, 7 April 2027] (both days inclusive). Summary of the material terms of the Bonus Warrants will be set out in the Circular and the Prospectus.

LR13.28(4)

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

- (i) a [premium] of approximately [27.91]% [over] the theoretical closing price per Consolidated Share of HK\$[0.1720] based on the closing price of HK\$[0.0860] per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a [premium] of approximately [28.50]% [over] the theoretical average closing price of approximately HK\$[0.1712] per Consolidated Share based on the closing price of approximately HK\$[0.0856] per Existing 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 approximately HK\$[0.1710] per Consolidated Share based on the closing price of approximately HK\$[0.0855] per Existing 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 [28.50]% [over] the theoretical average closing price of approximately HK\$[0.1712] per Consolidated Share based on the

closing price of approximately HK\$[0.0856] per Existing Share as quoted on the Stock Exchange for the last thirty (30) trading days up to and including the Last Trading Day; and

- (v) a [premium] of approximately [24.22]% [over] the theoretical ex-right price of approximately HK\$[0.1771] per Consolidated Share based on the closing price of HK\$[0.0860] per Existing Share as quoted on the Stock Exchange on the Last Trading Day.

The initial Warrant Subscription Price was determined with reference to the theoretical market price of the Consolidated Shares. The Directors consider the terms of the Bonus Warrants Issue, including the initial Warrant Subscription Price thereof, 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]. If the Bonus Warrants and the Bonus Warrant Shares are issued after the Share Consolidation has become effective and the satisfaction of the above condition, the maximum nominal value of all the Bonus Warrant Shares that may fall to be issued is approximately HK\$[7.37] million.

LR13.28(5)

LR13.28(2)

Fractional Entitlements

Fractional entitlements to the Bonus Warrants (if any) will not be issued to the 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 to be issued for the Bonus Warrants Issue will not be registered or filed under any securities legislation in any jurisdiction outside Hong Kong.

LR13.28(15)

In determining whether it would be necessary or expedient to exclude an Overseas Shareholder who is registered as a member of the Company on the Record Date, the Directors will make an enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange of the relevant place in which such Overseas Shareholder is residing. If the Directors are of the view that, after such enquiry, the exclusion of such Overseas Shareholder is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, Bonus Warrants will not be granted to such Overseas Shareholder.

Bonus Warrants which would otherwise be issued to the Non-Qualifying Shareholder(s) under the Bonus Warrants Issue will be sold in the market as soon as possible after the commencement of dealings in the Bonus Warrants, if a premium (net of expenses) can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong dollars to such Non-Qualifying Shareholder(s) pro rata to their respective holdings of Shares. Remittance thereof will be posted to them,

at their own risk, unless the amount falling to be distributed to such person(s) is less than HK\$100, in which case it will be retained for the benefit of the Company.

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.

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.

LR13.28(6)

Fundraising Activities of the Group 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 date of this announcement.

LR13.28(9)

Listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares, the Rights Shares (in both their nil-paid and fully-paid forms), the Bonus Warrants and the Bonus Warrant Shares. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in on any stock exchange other than the Stock Exchange.

The listing of the Bonus Warrants Issue must be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Bonus Warrants and the Bonus Warrant Shares.

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.

Dealings in the Bonus Warrants are expected to commence on the Stock Exchange on [Monday, 7 April 2025]. The Bonus Warrants are expected to be traded on the Stock Exchange in board lots of [20,000] Bonus Warrants.

Record Date and Closure of Register of Members

The last day for dealings in Shares cum-entitlements to the Bonus Warrants Issue will be [Monday, 10 March 2025]. In order to qualify for the Bonus Warrants Issue, all outstanding transfer of Shares should be lodged with the share registrar of the Company

in Hong Kong, Computershare Hong Kong Investor Services Limited, at [Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong], not later than 4:30 p.m. on [Wednesday, 12 March 2025].

VII. PROPOSED SHARE CONSOLIDATION, AUTHORISED SHARE CAPITAL INCREASE AND PROPOSED CHANGE IN BOARD LOT

Proposed Share Consolidation

Given the current trading price of the Existing Shares is below HK\$0.1 and the price per board lot is considerably less than HK\$2,000, the Board has considered the implications of LR13.64 and the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (updated in June 2024).

As a result, the Board intends to put forward to the Shareholders to effect the Share Consolidation which involves the consolidation of every two (2) issued and unissued Existing Shares of par value of HK\$0.008 each into one (1) Consolidated Share of par value of HK\$0.016. Following the Share Consolidation, the board lot size for trading will change from 10,000 Existing Shares to 20,000 Consolidated Shares per board lot. The Strategic Funding & Partnership Proposal will be executed after the Share Consolidation and the Change in Board Lot Size become effective.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation;
- (ii) the compliance with all relevant procedures and requirements under the laws of Bermuda and Hong Kong (where applicable) and the Listing Rules to the effect of the Share Consolidation;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares; and

As no Shareholders have any interest in the Share Consolidation that is different to that of Shareholders generally, no Shareholder will be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the SGM.

The Share Consolidation is not conditional on the Rights Issue and is expected to become effective on [Monday, 10 March 2025], being the second Business Day following the expected fulfilment of the above conditions.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$180,000,000 divided into 22,500,000,000 Existing Shares with par value of HK\$0.008 each, of which 9,209,789,676 Existing Shares have been issued and are fully paid or credited as fully paid.

Assuming no further Existing Shares will be issued or repurchased between the date of this announcement and the date of the SGM, immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue, the authorised share capital of the Company will be HK\$180,000,000 divided into 11,250,000,000 Consolidated Shares with par value of HK\$0.016 each, of which 4,604,894,838 Consolidated Shares (all fully paid or credited as fully paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's bye-laws. No fractional Consolidated Shares, if any, will be issued by the Company to the Shareholders. Any fractional Consolidated Shares will be aggregated, and if possible, sold and with any proceeds retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Consolidated Shares regardless of the number of share certificates held by such holder.

Other than the relevant expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

Other securities of the Company

The Company has no outstanding convertible securities, options or warrants in issue which are convertible or exchangeable into shares in the Company as at the date of this announcement.

Exchange of existing share certificates for certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, Shareholders may, during the period from [Monday, 10 March 2025] to [Wednesday, 16 April 2025] (both days inclusive), submit their share certificates for Existing Shares to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, in exchange, at the expense of the Company, for new share certificates for the Existing Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares but will not be acceptable for trading, settlement and registration purposes.

The new share certificates for the Consolidated Shares will be issued in Red colour in order to distinguish them from the existing share certificates in Yellow colour.

Listing and Dealings

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from

the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as 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 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

Authorised Share Capital Increase

The Board also proposes the Authorised Share Capital Increase that upon the Share Consolidation becoming effective, the authorised share capital of the Company be increased from HK\$180,000,000 divided into [11,250,000,000] Consolidated Shares of par value HK\$[0.016] each to HK\$[500,000,000] divided into [31,250,000,000] Consolidated Shares of par value HK\$[0.016] each so as to make available sufficient authorised but unissued Consolidated Shares for the allotment and issue of other new Consolidated Shares under the Rights Issue and the exercise of the Bonus Warrants in the future.

The proposed Authorised Share Capital Increase is conditional upon the passing of an ordinary resolution by the Shareholders at the SGM. Subject to such condition being fulfilled, the proposed Authorised Share Capital Increase is expected to become effective when the Share Consolidation becomes effective.

Proposed Change in Board Lot Size

The Existing Shares are currently traded on the Stock Exchange in a board lot size of 10,000 Existing Shares. The Board proposes to change the board lot size for trading from 10,000 Existing Shares to 20,000 Consolidated Shares upon the Share Consolidation becoming effective.

Based on the closing price of HK\$[0.0860] per Existing Share (equivalent to the theoretical closing price of HK\$[0.1720] per Consolidated Share) at the Last Trading Day, (i) the value per board lot of 10,000 Existing Shares is HK\$[860]; and (ii) the value of each board lot of 20,000 Consolidated Shares will be HK\$[3,440] assuming the Share Consolidation becoming effective.

Reasons for the Share Consolidation, Authorised Share Capital Increase and Change in Board Lot Size

Pursuant to LR13.64 of the Listing Rules, where the market price of the share approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the listed issuer to either change the trading method or to proceed with a consolidation or splitting of the existing shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated in June 2024) has further stated that (i) the market price of the share at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under LR13.64 of the Listing Rules; and (ii) taking into account that the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the prevailing trading price of the Shares at a level below HK\$0.10 and the value per board lot being substantially less than HK\$2,000, the Board proposes that upon the Share Consolidation becoming effective, based on the closing price of HK\$[0.0860] per Existing Share as at the date of this announcement, the theoretical share price of the Company be adjusted to HK\$[0.1720] per Consolidated Share. With a board lot size of 20,000 Consolidated Shares, the theoretical new board lot value would be HK\$[3,440], which would enable the Company to comply with the trading requirements under the Listing Rules. The Share Consolidation will increase the nominal value of the Shares. Accordingly, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the Listing Rules, but should also attract more investors and hence broaden the Shareholder base.

The Authorised Share Capital Increase will give the Company sufficient authorised but unissued Consolidated Shares for the allotment and issue of other new Consolidated Shares under the Rights Issue, and the Bonus Warrant Shares on the exercise of the Bonus Warrants in the future.

The Share Consolidation, the Authorised Share Capital Increase and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, save for the Share Consolidation, the Authorised Share Capital Increase and the proposed Rights Issue, the Company has no intention to carry out any corporate action or arrangement, including further share consolidation, share sub-division and capital reduction, in the next 12 months, which may have an effect of undermining or negating the intended purpose of the Share Consolidation, the Authorised Share Capital Increase and the Change in Board Lot Size.

VIII. PREVIOUS EQUITY FUND RAISING BY THE COMPANY

The Company has not undertaken any equity fund raising exercise in the 12-month period immediately preceding the date of this announcement.

LR7.19A

IX. INFORMATION OF THE GROUP

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

LR14.58(2)

LR14A.68
(1)(a)

X. INFORMATION OF THE INVESTOR, NOTE SUBSCRIBER AND GAW CAPITAL

Investor and Note Subscriber are special purpose vehicles formed to invest in the Company (through the Rights Issue and the Senior Unsecured Note, respectively). They are owned by a consortium of institutional investors led by a subsidiary of Gaw Capital (as general partner of Gateway Real Estate Fund VII (Singapore) L.P., a limited partnership established in Singapore and engaged principally in investment in any direct

or indirect interest relating to real estate assets and non-real estate related assets or operations in Asia Pacific). Gaw Capital is a private equity fund management company focusing on real estate and private equity markets in Asia Pacific and other high barrier-to-entry markets globally. The firm's investments span the entire spectrum of real estate sectors, including residential development, offices, retail malls, hospitality, logistics warehouses and Internet data centre projects. To the best knowledge, information and belief of the Directors and having made all reasonable enquires, Investor and Note Subscriber are principally engaged in the investment holding.

XI. INFORMATION OF NEWCO, EARNEST EQUITY AND GOLDEN BOOST

Newco is an investment holding company incorporated in the BVI with limited liability and is owned by Mr. Chung at the date of this announcement. Following the injection of Earnest Equity into Newco, it will be principally engaged in investment holding of Earnest Equity and Golden Boost, which together hold approximately 56.24% of the Company's Shares.

Earnest Equity is an investment holding company incorporated in the BVI with limited liability and is owned by Mr. Chung. As at the date of this announcement, it directly holds 56.20% of the Company's Shares. It will be a wholly-owned subsidiary of Newco following the injection of Earnest Equity by Mr. Chung as part of the Subscription Agreement.

Golden Boost is also an investment holding company incorporated in the BVI with limited liability and is a wholly-owned subsidiary of Newco as of the date of this announcement. It is established for the purpose of investment holding.

XII. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from [Thursday, 27 February 2025] to [Thursday, 6 March 2025] (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the SGM and for determining the entitlements to the Rights Issue and the Bonus Warrants Issue. No transfers of Shares will be registered during the book closure periods. In order to be entitled to attend and vote at the SGM, and participate in the Rights Issue and the Bonus Warrants Issue, all transfer forms accompanied by the relevant share certificates must be lodged with the Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than [Wednesday, 12 March 2025].

XIII. IMPLICATIONS UNDER THE TAKEOVERS CODE AND LISTING RULES

Change of Shareholding Structure of the Company

The acquisition of more than 30% of the voting rights in the Company by Earnest Equity as a result of the Subscription Agreement will trigger an obligation to make a mandatory general offer for all the issued shares of the Company pursuant to Rule 26.1 of the Takeovers Code, unless a waiver is granted by the SFC.

In this regard, the Company has been informed by Mr. Chung that Newco has applied for [, and the SFC has on [*] granted,] the Waiver from the obligation to make a

mandatory general offer pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code in relation to the transactions contemplated under the Strategic Funding & Partnership Proposal.

As a result, the transactions contemplated under the Strategic Funding & Partnership Proposal are subject to granting of such Waiver from the SFC and the Company will issue an announcement upon receipt of the SFC's approval.

Proposed Share Consolidation and Authorised Share Capital Increase

The proposed Share Consolidation and Authorised Share Capital Increase are conditional upon the passing of an ordinary resolution by the Shareholders at the SGM.

As no Shareholders have any interest in the Share Consolidation and Authorised Share Capital Increase that is different to that of Shareholders generally, no Shareholder will be required to abstain from voting in favour of the resolution relating to the Share Consolidation and Authorised Share Capital Increase at the SGM.

The Share Consolidation and Authorised Share Capital [are not conditional on the Rights Issue] and is expected to become effective on [Monday, 10 March 2025], being the second Business Day following the expected fulfilment of the above conditions.

The Strategic Funding & Partnership Proposal and Proposed Bonus Warrants Issue

Certain approvals will be sought from the Shareholders (or, as applicable, the Independent Shareholders) at the SGM as detailed below. All of these approvals will be inter-conditional on each other.

LR14A.68(9)

Proposed Rights Issue

In accordance with LR7.19A(1) and LR7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Consolidated Shares of the Company by more than 50% within 12 months period immediately preceding the date of this announcement (after taking into account the effect of the Authorised Share Capital Increase), the Rights Issue is conditional upon Independent Shareholders' approval at the SGM, and any controlling shareholders of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the SGM.

LR13.28(11)

Pursuant to LR7.27A, Earnest Equity, Newco and their respective associates will be required to abstain from voting in favour of the resolution(s) relating to the Rights Issue.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with LR7.27B of the Listing Rules.

LR7.27B

The Facilitation Agreement and Note Subscription Agreement

LR14A.68(2)

At the invitation of the Controlling Shareholder, the Investor agreed to acquire material equity interests in Newco through entering into the Subscription Agreement and the Shareholders Agreement in respect of the Strategic Funding & Partnership Proposal with Digisino and Newco, both of them are connected persons of the Company. The Investor is treated as a connected person of the Company under LR14A.20, and so is the Note Subscriber which is also owned by a consortium of institutional investors led by a subsidiary of Gaw Capital (as general partner of Gateway Real Estate Fund VII (Singapore) L.P.). Given that the Facilitation Agreement and the Note Subscription Agreement are entered into in association with each other as parts of the Strategic Funding & Partnership Proposal, the transactions contemplated thereunder will be treated as connected transactions of the Company subject to Independent Shareholders' approval under Chapter 14A of the Listing Rules

Shareholders with a material interest in the transactions contemplated under the Note Subscription Agreement and the Facilitation Agreement are required to abstain from voting on the relevant resolution at the SGM.

Proposed Bonus Warrants Issue

The Bonus Warrants Issue will be issued pursuant to a specific mandate to be sought at the SGM. As no Shareholders have any interest in the Bonus Warrants Issue that is different to that of Shareholders generally, no Shareholder will be required to abstain from voting in favour of the resolution relating to the Bonus Warrants Issue at the SGM.

LR13.28(11)

Pursuant to LR15.02(1) of the Listing Rules, the Bonus Warrant Shares to be issued on exercise of the Bonus Warrants must not, when aggregated with all other equity securities remaining to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issued share capital of the Company at the time the Bonus Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the date of this announcement, there are no securities of the Company with subscription rights outstanding and not yet exercised and the Company does not have any legal or beneficial interest in any treasury Shares. Assuming there is no other issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Bonus Warrants, an aggregate of 460,489,483 Bonus Warrant Shares will be issued, representing approximately 10.00% of the existing issued share capital of the Company as at the date of this announcement, approximately 3.57% of the number of enlarged Consolidated Shares immediately after the Share Consolidation and Rights Issue, and approximately 3.45% of the Consolidated 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.

Accordingly, the issue of the Bonus Warrants is in compliance with LR15.02(1) of the Listing Rules. The Company has no intention to transfer treasury Shares to satisfy the exercise of the Bonus Warrants.

At the date of this announcement, Mr. Chung, indirectly through his 100%-controlled entity, Digisino and its subsidiary, Earnest Equity, controls 5,179,192,062 Existing

Shares, representing approximately 56.24% of the entire issued share capital of the Company.

Therefore, Mr. Chung and his associates, including Kan Sze Man, who is interested in 23,790,500 Existing Shares, representing approximately 0.26% of the entire issued share capital of the Company, are required to abstain from voting in favour of the resolution(s) in relation to the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement and the transactions contemplated thereunder at the SGM.

As at the date of this announcement, Investor owns one share in Newco.

The Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee, comprising of Mr. Cheng Yuk Wo, Mr. Shek Lai Him, Abraham and Mr. Lo Wing Yan, William being all the independent non-executive Directors, has been established for the purpose of, among other things, advising the Independent Shareholders in respect of the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement and transactions contemplated thereunder.

The Independent Financial Adviser has been appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement and the transactions contemplated thereunder.

XIV. DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

The Circular containing, among other things, (i) further details of the Strategic Funding & Partnership Proposal, including the Rights Issue, the Facilitation Agreement, the Rights Issue Underwriting Agreement and the Note Subscription Agreement (ii) further details of the Bonus Warrants Issue, (iii) further details of the proposed Share Consolidation, Authorised Share Capital Increase and change in board lot size; (iv) a letter of recommendation from the Independent Board Committee in respect of the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement; (v) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (vi) other information required under the Listing Rules; and (vii) a notice convening the SGM, is expected to be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to LR14A.68(11) of the Listing Rules.

Subject to, among other things, the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement having been approved by the Independent Shareholders at the SGM, the Prospectus Documents or the Prospectus, whichever is appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

XV. WARNING

The Shares are expected to be dealt in on an ex-rights basis from [Tuesday, 11 March 2025]. Dealings in the Rights Shares in nil-paid form are expected to take

LR7.19(2)

place from [Tuesday, 25 March 2025] to [Tuesday, 1 April 2025] (both dates inclusive). The Strategic Funding & Partnership Proposal, including the Rights Issue, is subject to certain conditions including but not limited to the approval of the Rights Issue by the Independent Shareholders at the SGM. Accordingly, there is no certainty as to whether, and if so when, the Strategic Funding & Partnership Proposal, including the Rights Issue, will proceed. Holders of Shares and other securities of and potential investors in the Company should exercise caution when dealing in the Shares or other securities of the Company.

If the approval of the Rights Issue by the Independent Shareholders at the SGM is not obtained, the Strategic Funding & Partnership Proposal, including the Rights Issue, will not proceed, in which case a further announcement will be made by the Company at the relevant time.

Any Shareholder or other person dealing in Shares or other securities of the Company up to the date of fulfilment of all conditions to which the Strategic Funding & Partnership Proposal, including the Rights Issue is subject and any person dealing in the nil-paid Rights Shares will bear the risk that the Rights Issue may not become unconditional or may not proceed and are advised to exercise caution when dealing in the Shares and/or nil-paid Rights Shares.

If in any doubt, Shareholders and other persons contemplating dealing in securities of the Company and potential investors are recommended to consult their professional advisers. Shareholders and potential investors should exercise caution in dealing in the securities of the Company. Any buying or selling of the securities of the Company from now up to the date of fulfilment of all the conditions to which the Rights Issue is subject, and any buying or selling of nil-paid Rights Shares, is at each investor's own risk that the Strategic Funding & Partnership Proposal, including the Rights Issue, may not become unconditional and may not proceed.

XVI. DEFINITIONS

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

“associate “	the meaning ascribed to that term in the Listing Rules
“Authorised Share Capital Increase”	the proposed increase, after the Proposed Share Consolidation, in the authorised share capital of the Company from HK\$180,000,000 divided into [11,250,000,000] Consolidated Shares each to HK\$[500,000,000] divided into [31,250,000,000] Consolidated Shares with par value HK\$[0.016] each
“Board”	the board of Directors

“Bonus Warrant(s)”	warrant(s) proposed to be issued by the Company entitling the holders to subscribe for Bonus Warrant Shares at a price of HK\$0.22 per Bonus Warrant Share, subject to adjustments
“Bonus Warrants Issue”	the proposed issue of Bonus Warrants by the Company to the Qualifying Shareholders on the basis of one (1) Bonus Warrant for every ten (10) Consolidated Shares (which is equivalent to every twenty (20) Existing Shares prior to the Share Consolidation) held on the Record Date
“Bonus Warrant Share(s)”	the new Consolidated Share(s) to be allotted and issued pursuant to the exercise of the subscription rights attached to the Bonus Warrants
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Business Plans”	the business plans described in the section headed “Business Plans” in this announcement
“BVI”	British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the issued Shares for trading, from 10,000 Existing Shares to 20,000 Consolidated Shares
“Circular”	the circular to be issued by the Company in connection with the Strategic Funding & Partnership Proposal, including the Share Consolidation, the Authorised Share Capital Increase, the Rights Issue, the Facilitation Agreement, the Rights Issue Underwriting Agreement, the Note Subscription Agreement, and the Bonus Warrants Issue
“Closing Price”	closing price of HK\$[0.0860] per Existing Share as quoted on the Stock Exchange on the Last Trading Day
“Company”	CSI Properties Limited, a company incorporated in Bermuda with limited liability and having its shares listed and traded on the Main Board of the Stock Exchange

“Consolidated Share(s)”	ordinary share(s) of HK\$0.016 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“Digisino”	Digisino Assets Limited a company incorporated in the BVI with limited liability, wholly-owned by Mr Chung
“Director(s)”	the directors of the Company
“EAFs”	the excess application form(s) to be issued by the Company for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares
“Earnest Equity”	Earnest Equity Limited, a company 100% owned by Mr. Chung through Digisino, incorporated in the BVI with limited liability and the controlling entity of the Company, controlling 5,179,192,062 Existing Shares (or 2,589,596,031 Consolidated Shares after taking into account Share Consolidation), or approximately 56.20% of the issued share capital of the Company as at the date of this announcement
“Existing Share(s)”	ordinary share(s) of HK\$0.008 each in the share capital of the Company prior to the Share Consolidation having become effective
“Facilitation Agreement”	the agreement between the Company and Investor to pay a fee in the sum of HK\$22 million to Investor in consideration of Investor’s efforts in arranging the Strategic Funding & Partnership Proposal and giving funding commitments to support the Strategic Funding & Partnership Proposal
“Gaw Capital”	Gaw Capital Partners, an exempted company incorporated in the Cayman Islands with limited liability
“Group”	the Company and its subsidiaries
“Golden Boost”	Golden Boost Limited, which is a subsidiary of Newco as at the date of this announcement and shall apply for and tender full payment of approximately HK\$319 million through for an aggregate of 1,774,724,996 excess Rights Shares under an EAF
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	Shareholders other than Earnest Equity, Golden Boost and their respective associates
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, which has been established to advise the Independent Shareholders on the Rights Issue, Note Subscription Agreement and Facilitation Agreement
“Independent Financial Adviser”	Optima Capital Limited, a corporation licensed to carry out Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, Note Subscription Agreement and Facilitation Agreement
“Investor”	Petto Bell Limited, a company incorporated in the Cayman Islands with limited liability owned by a consortium of institutional investors led by a subsidiary of Gaw Capital (as general partner of Gateway Real Estate Fund VII (Singapore) L.P.)
“Irrevocable Undertaking”	the irrevocable undertaking given by Newco in favour of the Company with details in the section headed “Irrevocable Undertaking”
“Last Trading Day”	[21] January 2025, being the last trading day for the Shares on the Stock Exchange immediately before the publication of this announcement
“Latest Time for Acceptance”	[4:00 p.m.] on [Monday, 7 April 2025], or such later time or date as may be determined by the Company, being the latest time and date for acceptance of and payment for the provisional allotments of Rights Shares and applications for excess Rights Shares
“Latest Time for Termination”	4:00 p.m. on [Friday, 11 April 2025], or such other time or date as may be agreed between the

	Company and the Underwriter in writing, being the latest time to terminate the Rights Issue Underwriting Agreement
“Listing Committee”	the meaning ascribed to it under the Listing Rules
“Listing Rules” or “LR”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Chung” or “Controlling Shareholder”	Mr. Chung Cho Yee, Mico, a director and the Chairman of the Company
“NAV”	net asset value
“Newco”	Grand Future Ventures Limited, a company incorporated in the BVI with limited liability and controlled by Mr Chung at the date of this announcement
“Note Issuer”	Affinity Ocean Limited, a BVI business company incorporated with limited liability under the laws of the British Virgin Islands
“Note Issue Date”	the date on which the Senior Unsecured Note is issued by the Note Issuer to the Note Subscriber
“Note Maturity Date”	the fourth anniversary of the date of issue of the Senior Unsecured Note
“Note Subscriber”	Kenton Harmony Limited, a company incorporated in the Cayman Islands with limited liability owned by a consortium of institutional investors led by a subsidiary of Gaw Capital (as general partner of Gateway Real Estate Fund VII (Singapore) L.P.)
“Note Subscription Agreement”	the subscription agreement dated [22] January 2025 entered into amongst the Note Issuer, the Company and the Note Subscriber in relation to the issue of the Senior Unsecured Note
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares or issue the Bonus Warrants on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“Prospectus”	the prospectus in connection with the Rights Issue and the Bonus Warrants Issue
“Prospectus Documents”	collectively, the Prospectus, the PAL and the EAF
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	[Thursday, 20 March 2025], or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue and the Bonus Warrants Issue will be determined
“Rights Issue Underwriting Agreement”	the underwriting agreement dated [22] January 2025 entered into among the Company and the Underwriter in relation to the Rights Issue
“Rights Issue”	the proposed offer by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of 18 Rights Shares for every 10 Consolidated Shares held on the Record Date at the Subscription Price, payable in full on acceptance and on the terms and subject to the conditions of the Prospectus Documents
“Rights Share(s)”	the new Consolidated Share(s) to be allotted and issued under the Rights Issue, being in aggregate 8,288,810,708 Rights Shares (assuming no change in the total number of issued Consolidated Shares on or before the Record Date)
“Senior Unsecured Note”	a 4-year Senior Unsecured Note to be issued by the Note Issuer to Note Subscriber in an amount of HK\$500 million
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Share Consolidation, the Rights Issue, the Note Subscription Agreement and the Facilitation Agreement and the transactions contemplated thereunder
“Share Consolidation”	the consolidation of every two (2) issued and unissued Existing Shares of HK\$[0.008] each into one (1) Consolidated Share of HK\$0.016
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Shareholder(s)”	the holder(s) of the Share(s) in issue
“Shareholders Agreement”	the shareholders agreement dated [22] January 2025 entered into amongst Digisino, Investor and Newco
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Funding & Partnership Proposal” or “Proposal”	the long-term funding and strategic partnership proposal summarised in this announcement for Gaw Capital to become an investor in the Company through its managed funds and the Company to raise an aggregate of up to HK\$1,992 million, before interests and expenses, including approximately HK\$1,492 million from the Rights Issue and HK\$500 million from the issuance of the Senior Unsecured Note, at a fixed fee of HK\$22 million as stipulated in the Facilitation Agreement
“Strategic Funding & Partnership Proposal Completion Date”	the later of (a) the date on which dealings in fully paid Rights Shares commence on the Stock Exchange and (b) the date on which the Senior Unsecured Note is issued in accordance with the terms of the Note Subscription Agreement
“Subscription Agreement”	the subscription agreement dated [22] January 2025 entered into amongst Digisino, Investor and Newco
“Subscription Price”	the subscription price of HK\$0.18 for each Rights Share under the Rights Issue

“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC
“Undertaken Shares”	the Rights Shares undertaken to be accepted or applied for pursuant to the Irrevocable Undertaking, being a total of 6,435,997,850 Rights Shares (assuming there is no change in the number of Shares in issue on or before the Record Date other than the Share Consolidation) comprising (a) 4,661,272,854 Rights Shares to be provisionally allotted to subsidiaries of Newco and (b) 1,774,724,996 excess Rights Shares to be applied for by Golden Boost as a Qualifying Shareholder following the completion of the Subscription Agreement, on an EAF
“Underwriter”	VMS Securities Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activities under the SFO, and its ordinary course of business includes underwriting of securities
“Underwritten Shares”	the Rights Shares underwritten under the Rights Issue Underwriting Agreement, being the total number of Rights Shares (being 1,852,812,858) minus the Undertaken Shares of Rights Shares
“Waiver”	the waiver being sought by Digisino from the SFC pursuant to Note 6(a) to Rule 26.1 of the Takeovers Code in relation to the transactions contemplated under the Strategic Funding & Partnership Proposal
“Warrant Expiry Date”	[Wednesday, 7 April 2027], the second anniversary of the date of issue of the Bonus Warrants which is expected to be [Monday, 7 April 2025]
“Warrant Subscription Price”	the subscription price of HK\$0.22 for each Bonus Warrant Share (subject to adjustment) under the proposed Bonus Warrants Issue
“Warrant Subscription Rights”	the rights of the holders of the Bonus Warrants to subscribe for 1 Bonus Warrant Share per Bonus Warrant pursuant to the Bonus Warrants
“%”	per cent.

By Order of the Board of
CSI Properties Limited
Kan Sze Man
Company Secretary

Hong Kong, [*] January 2025

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

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EXECUTION PAGE

IN WITNESS whereof the parties have executed this Agreement on the day and year first before written.

Company

SIGNED by Kan Sze Man

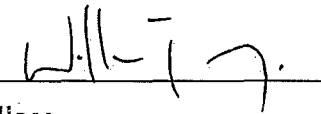
for and on behalf of
CSI PROPERTIES LIMITED

in the presence of:

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)



Signature of witness:



Name:

Tang Wallace

Title:

Solicitor, Hong Kong SAR

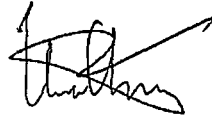
Underwriter

SIGNED by CHEUNG Man Chor Elton)

for and on behalf of)

VMS SECURITIES LIMITED)

in the presence of:)



Signature of witness:

Name: WONG KIT YEE

Title: Assistant to Elton Cheung

