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CSI PROPERTIES LIMITED

資本策略地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 497)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF CERTAIN LISTED DEBT SECURITIES

THE DISPOSAL

On 29 August 2022, the Note Issuer (as note issuer) and the Noteholders (each a wholly-owned subsidiary of the Company) (as noteholders) entered into the Agreement pursuant to which the Note Issuer agreed to repurchase, and the Noteholders agreed to sell to the Note Issuer, the Sale Notes in an aggregate notional amount of US\$4,585,000 (equivalent to approximately HK\$35.76 million) at an aggregate consideration (including unpaid interests accrued) of approximately US\$4,665,000 (equivalent to approximately HK\$36.39 million).

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal, after aggregating with the Previous Disposal (which does not constitute a discloseable transaction for the Company on a standalone basis), exceeds 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

* For identification purpose only

THE DISPOSAL

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The aggregate consideration was determined after arm's length negotiation between the Note Issuer and the Noteholders, having considered prevailing market value. The aggregate consideration consists of (a) US\$4,539,000 (equivalent to approximately HK\$35.41 million), representing 99.0% of the principal amount of the Sale Notes; and (b) US\$126,000 (equivalent to approximately HK\$0.98 million), being all interest accrued and unpaid.

Completion shall take place on 1 September 2022.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Note Issuer and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

INFORMATION OF THE SALE NOTES

The Sale Notes are the 11.0% senior VCREDIT Notes due 2022 in the notional amount of US\$4,585,000 (equivalent to approximately HK\$35.76 million) which are listed and quoted on the Stock Exchange and held by the Noteholders.

As at 31 March 2022, the fair value of the Sale Notes was approximately US\$4,467,000 (equivalent to approximately HK\$34.84 million). The net profits (both before and after taxation and extraordinary items) attributable to the Sale Notes from 1 April 2022 to the date of completion of the Disposal are approximately HK\$1.67 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Securities investment is one of the principal business activities of the Group and the Disposal is in line with such business. As at 31 March 2022, the investment portfolio of the Group comprises of 59.2% listed debt securities, 2.4% listed equity securities and 38.4% unlisted funds and securities. The Group reviews the performance of its investment portfolio and makes adjustment to the same from time to time in order to optimise the return to the Group. The Disposal provides an opportunity for the Group to realise its investment in the Sale Notes and re-allocate its resources for other investments when suitable opportunities arise.

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

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

As a result of the Disposal and subject to audit, it is expected that the Group will record a gain before tax and non-controlling interest of approximately HK\$0.57 million in the current financial year. The gain represents the difference between the consideration and the fair value of the Sale Notes.

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

INFORMATION OF THE GROUP

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

CSI Financial is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. It is principally engaged in the business of sales of securities and investment holding.

Mark Well is a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company. It is principally engaged in the business of sales of securities and investment holding.

INFORMATION OF VCREDIT

VCREDIT is a company registered by way of continuation in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange. It and its subsidiaries are principally engaged in the provision of credit products through its online loan origination processes. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, VCREDIT and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

LISTING RULES IMPLICATIONS

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DEFINITIONS

Unless the context otherwise requires, the following terms shall have the following meanings in this announcement:

“Agreement”	the agreement dated 29 August 2022 and made between the Note Issuer and the Noteholders in relation to the sale and purchase of the Sale Notes
“Company”	CSI Properties Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 497)
“connected person”	has the same meaning ascribed thereto in the Listing Rules
“CSI Financial”	CSI Financial Holdings Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Notes by CSI Financial and Mark Well pursuant to the terms and conditions of the Agreement, details of which are set out in the section headed “THE DISPOSAL” in this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mark Well”	Mark Well Investment Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“Noteholders”	CSI Financial and Mark Well
“PRC”	the People’s Republic of China
“Previous Disposal”	the disposal of the 11.0% senior VCREDIT Notes due 2022 in the notional amount of US\$10,325,000 (equivalent to approximately HK\$80.54 million) which are listed and quoted on the Stock Exchange on 8 April 2022 at an aggregate consideration of approximately US\$9,809,000 (equivalent to approximately HK\$76.51 million)
“Sale Notes”	the 11.0% senior VCREDIT Notes due 2022 in the notional amount of US\$4,585,000 (equivalent to approximately HK\$35.76 million) which are listed and quoted on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“VCREDIT” or “Note Issuer”	VCREDIT Holdings Limited (維信金科控股有限公司), a company registered by way of continuation in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2003)
“VCREDIT Notes”	the notes issued by VCREDIT and/or its subsidiaries
“%”	per cent.

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

Hong Kong, 29 August 2022

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

For the purpose of illustration only and unless otherwise stated, conversion of US\$ into HK\$ in this announcement is based on the exchange rate of US\$1.00 = HK\$7.80. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at such or any other rate.