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**China South City Holdings Limited**  
**華南城控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 1668)**

## **AMENDMENTS TO THE TERMS OF THE CONVERTIBLE NOTES**

On 6 March 2014, the Company, the Issuer, the Subsidiary Guarantors (as defined below) and the Trustee (as trustee and shared security agent respectively) entered into the Amended and Restated Indenture (as defined below), pursuant to which the parties agreed to amend certain covenants in the Indenture to allow for the Company and its Restricted Subsidiaries to, among other things: (i) incur additional types of permitted indebtedness; (ii) have additional flexibility to guarantee indebtedness of certain minority-held entities of the Company; (iii) more easily make investments in certain minority-held entities of the Company; and (iv) enter into transactions with certain affiliates and shareholders of the Company.

Reference is made to: (i) the announcement of the Company dated 1 April 2013 in relation to the issue of the Convertible Notes to the Purchaser pursuant to the Purchase Agreement dated 28 March 2013 (the “**Signing Announcement**”); (ii) the announcement of the Company dated 9 April 2013 in relation to the completion of the issue of the Convertible Notes (together with the Signing Announcement, the “**CB Announcements**”); (iii) the announcement of the Company dated 21 January 2014 in relation to the issue of US\$400,000,000 8.25% senior notes due 2019 (the “**2014 Notes**”); and (iv) the announcement of the Company dated 29 January 2014 in relation to the completion of the issue of the 2014 Notes. Capitalised terms used in this announcement shall have the same meanings as those defined in the CB Announcements unless the context requires otherwise.

Pursuant to the Purchase Agreement, Convertible Notes in the principal amount of HK\$975,000,000 were issued to the Purchaser on 9 April 2013. The Convertible Notes were listed on the Singapore Stock Exchange on 10 April 2013.

As disclosed in the Signing Announcement, subject to certain qualifications and exceptions, the Indenture governing the Convertible Notes contain certain restrictive covenants (the “**Covenants**”) limiting the ability of the Company and its Restricted Subsidiaries to, among other things:

- (a) incur or guarantee additional indebtedness or issue disqualified or preferred stock;
- (b) declare dividends on capital stock or purchase or redeem capital stock;
- (c) make investments or other specified restricted payments; and
- (d) enter into transactions with shareholders or affiliates.

These restrictive covenants are substantially similar to those previously agreed to by the Company in its 2012 Notes, which were issued on 17 October 2012. However, in connection the Company’s most recent debt security offering (being the 2014 Notes issued by the Company on 29 January 2014), the Company was able to successfully negotiate certain favourable concessions to the restrictive covenants contained in the 2014 Notes. As such, although the restrictive covenants in the 2014 Notes are substantially similar to those contained in the Convertible Notes and the 2012 Notes, the Company was able to obtain additional operational flexibility in the 2014 Notes. Accordingly, the Company proposed to amend the relevant Covenants in the Convertible Notes to include the same favourable concessions given under the 2014 Notes.

As such, on 6 March 2014, the Company, the Issuer, the subsidiary guarantors (being Hefei China South City Limited, China Central City (BVI) Limited, Grow Rich Holdings Limited, Andarton Investments Limited, China South City Management Company Limited, China Central City (Hong Kong) Limited, Grand City Hotel Investment Limited, Hefei China South City (Hong Kong) Limited, Chongqing China South City Limited, Double Gain Global Limited and Chongqing China South City (HK) Limited (collectively, the “**Subsidiary**”

**Guarantors**’)) and the Trustee (as trustee and shared security agent respectively) entered into an amended and restated indenture (the “**Amended and Restated Indenture**”), pursuant to which the parties agreed to amend the relevant Covenants in the Indenture to allow for the Company and its Restricted Subsidiaries to, among other things:

- (a) incur additional types of permitted indebtedness, including indebtedness provided by trust financing companies in the PRC, indebtedness secured by certain types of investment properties and indebtedness resulting from acquisition agreements entered into by the Company or its Restricted Subsidiaries which provide for deferred payment of the relevant acquisition purchase price;
- (b) have additional flexibility to guarantee indebtedness of certain minority-held entities of the Company;
- (c) more easily make investments in certain minority-held entities of the Company; and
- (d) enter into transactions with certain affiliates and shareholders of the Company, including Tencent Holdings Limited and its subsidiaries, without being required to deliver certain resolutions, certificates and opinions to the Trustee

(collectively, the “**Proposed Amendments**”).

On 6 March 2014, the Purchaser, being the only holder of the Convertible Notes for the time being, passed written resolutions pursuant to which, among other things, the Purchaser consented to (and authorised the Trustee as trustee and the shared security agent respectively to consent to) the Proposed Amendments and authorised the Trustee as trustee and the shared security agent respectively to execute the Amended and Restated Indenture. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are independent of the Company and its connected persons.

Save for the Proposed Amendments and other consequential changes incidental to the Proposed Amendments, all the other principal terms of the Convertible Notes remain unchanged. As the Proposed Amendments will not modify the conversion rights under the Convertible Notes in any way, and in particular, will not affect the Conversion Price, the conversion period, the anti-dilution adjustments or the number of New Shares issuable upon conversion of the Convertible Notes, the Company considers that the Proposed Amendments would not constitute a material change of the terms of the Convertible Notes.

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities. Accordingly, the Company has applied for, and the Stock Exchange has granted, approval for the Proposed Amendments.

By order of the Board  
**China South City Holdings Limited**  
**Cheng Chung Hing**  
*Co-Chairman & Executive Director*

Hong Kong, 6 March 2014

*As at the date of this announcement, the executive Directors of the Company are Mr. Cheng Chung Hing, Mr. Leung Moon Lam and Professor Xu Yang; the non-executive Directors of the Company are Dr. Ma Kai Cheung SBS, BBS, Mr. Sun Kai Lit Cliff BBS, JP, Dr. Ma Wai Mo and Mr. Cheng Tai Po; and the independent non-executive Directors of the Company are Mr. Leung Kwan Yuen Andrew GBS, SBS, JP, Mr. Li Wai Keung, Mr. Hui Chiu Chung Stephen JP and Mr. Yung Wing Ki Samuel SBS, MH, JP.*