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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)

OVERSEAS REGULATORY ANNOUNCEMENT

CONSENT SOLICITATION IN RELATION TO

**11.50% SENIOR NOTES DUE 2022 (ISIN: XS2085883119, Common Code: 208588311) and
10.875% SENIOR NOTES DUE 2022 (ISIN: XS2120092882, Common Code: 212009288)**

The Board announces that the Company is soliciting consent from the Holders of the 11.50% Notes and the Holders of the 10.875% Notes to amend the 11.50% Notes Indenture and the 10.875% Notes Indenture, respectively, in the manner more fully described in the Consent Solicitation Statement sent to the Holders at the Launch Date, which is summarized under the section headed "Consent Solicitation" in this announcement.

The principal purpose of the Consent Solicitation is to extend the maturity of the Notes to improve the Company's liquidity and cash flow management and to allow the Company to optionally redeem any outstanding Notes at any time at par plus accrued and unpaid interest.

As there is no assurance that the Requisite Consents will be obtained, Shareholders, Holders and potential investors are advised to exercise caution when dealing in the securities of the Company.

This overseas regulatory announcement is made by the Company pursuant to Rule 13.10B of the Listing Rules.

Reference is made to the announcements of the Company dated 5 December 2019, 13 December 2019, 13 January 2020, 14 January 2020 and 22 January 2020 in relation to the 11.50% Notes and dated 19 February 2020, 20 February 2020, 27 February 2020, 22 June 2020, 29 June 2020 in relation to the 10.875% Notes.

The Board announces that the Company is soliciting consents from the Holders to amend the 11.50% Notes Indenture and the 10.875% Notes Indenture in the manner more fully described in the Consent Solicitation Statement sent to the Holders at the Launch Date, which is summarized under the section headed "Consent Solicitation" in this announcement.

BACKGROUND

Reference is made to the announcements of the Company dated 31 December 2021 (the “**Proposed Share Subscription Announcement**”). On 30 December 2021 (after trading hours), the Company and SZCDG entered into the Subscription Agreement, pursuant to which SZCDG has conditionally agreed to subscribe, or procure its wholly owned subsidiary to subscribe, for and the Company has conditionally agreed to allot and issue, 3,350,000,000 new Shares to SZCDG or its wholly owned subsidiary on the terms and conditions provided in the Subscription Agreement. The gross proceeds from the issue of the Subscription Shares are estimated to be approximately HK\$1,909.5 million. Established by the Shenzhen Municipal Government in September 2011, SZCDG is a municipal state-owned enterprise set up for the purpose of accelerating the reform of investment and financing system and promoting the integration process of the Special Zone. Upon completion of the Subscription, SZCDG will own 29.28% of the Company’s issued share capital and become the single largest Shareholder of the Company. The Company believes that with SZCDG as a Shareholder, it can leverage SZCDG’s resources and experience in the industry to improve the management and operational efficiency as well as enhance the financial capability of the Company.

Completion of the Subscription is subject to fulfilment of the conditions as set out in the Subscription Agreement. Pending completion of the Subscription, and in light of the current COVID-19 situation as well as market conditions in the PRC, the Board believes that it is prudent to reserve cash or liquidity resources for the Company’s operations. The principal purpose of the Consent Solicitation is to extend the maturity of the Notes to improve the Company’s liquidity and cash flow management. Upon completion of the Subscription, the Company will seek to refinance the Notes at lower financing costs.

Capitalized terms used in the preceding two paragraphs and not otherwise defined herein shall have the same meanings as those defined in the Proposed Share Subscription Announcement.

CONSENT SOLICITATION

The principal purpose of the Consent Solicitation is to extend the maturity of the Notes to improve the Company’s liquidity and cash flow management and to allow the Company to optionally redeem any outstanding Notes at any time at par plus accrued and unpaid interest.

The Company is seeking the Requisite Consents from the Holders in relation to proposed amendments to the terms of the 11.50% Notes Indenture and the 10.875% Notes Indenture to:

- extend the Maturity Date of the 11.50% Notes from 12 February 2022 to 12 August 2022 and to allow the 11.50% Notes to be redeemed at any time and from time to time, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date (the “**11.50% Notes Proposed Amendments**”); and
- extend the Maturity Date of 10.875% Notes from 26 June 2022 to 26 October 2022 and to allow the 10.875% Notes to be redeemed at any time and from time to time, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date (the “**10.875% Notes Proposed Amendments**”).

Each of the 11.50% Notes Proposed Amendments and the 10.875% Notes Proposed Amendments constitute a single proposal and a consenting Holder must consent to such 11.50% Notes Proposed Amendments or 10.875% Notes Proposed Amendments, as applicable, as an entirety and may not consent selectively with respect to certain of such 11.50% Notes Proposed Amendments or 10.875% Notes Proposed Amendments, as applicable.

Subject to the terms and conditions of the Consent Solicitation, the Company will make a cash payment of (i) US\$5.00 for each US\$1,000 in principal amount of the Notes to each Eligible Holder who has validly delivered (and not validly revoked) a Consent on or prior to the Early Expiration Date, and (ii) US\$1.50 for each US\$1,000 in principal amount of the Notes to each Eligible Holder who has validly delivered (and not validly revoked) a Consent after the Early Expiration Date but on or prior to the Expiration Date. The Company will make the payment of the Consent Fee on the Payment Date, which it currently expects to be on 10 February 2022.

The acceptance of the consents from the Holders by the Company and the payment of Consent Fee is conditional upon, among other things, (i) there being validly delivered (and not validly revoked) consents from the Holders of not less than 75% in aggregate principal amount of outstanding of each of the 11.50% Notes and the 10.875% Notes pursuant

to the terms of the Consent Solicitation Statement on or prior to the Expiration Date and (ii) in the case the Requisite Consents have been received, an affirmative determination by the Company that accepting the Consents, paying the Consent Fee and effecting the transactions contemplated thereby are in the best interest of the Company.

If the Requisite Consents are not received on or prior to the Expiration Date or if the Company has not accepted any consents in respect of the Notes, (i) the proposed amendments to the terms of the Indentures will not be effected, and (ii) no Consent Fee will be paid to any Holder.

If the Requisite Consents are received on or prior to the Expiration Date and the proposed amendments to the terms of the Indentures become effective, the proposed amendments will be binding on all Holders, including non-consenting Holders. However, non-consenting Holders will not receive any Consent Fee.

The results of the Consent Solicitation will be published on the websites of the Company at www.chinasouthcity.com, the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk, the Singapore Exchange Securities Trading Limited at www.sgx.com and the Information and Tabulation Agent at <https://bonds.morrowsodali.com/csc>.

FURTHER DETAILS

For a detailed statement of the terms and conditions of the Consent Solicitation, Holders should refer to the Consent Solicitation Statement.

The Consent Solicitation Statement will be distributed in electronic format to the Holders. The Company has engaged Credit Suisse (Hong Kong) Limited as the Solicitation Agent. A Holder (or a beneficial owner that is not a Holder) may also contact the Solicitation Agents or the Information and Tabulation Agent for the Consent Solicitation and all documentation relating to the Consent Solicitation and any updates will be available from the Information and Tabulation Agent (email: csc@investor.morrowsodali.com or at the following website: <https://bonds.morrowsodali.com/csc> or telephone: +852 2319 4130 (Hong Kong) / +44 20 4513 6933 (London, United Kingdom)) or his/her/its broker, dealer, bank, trust company or other nominee for assistance concerning the Consent Solicitation.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the development and operation of large-scale integrated logistics and trade centers in the PRC.

GENERAL

This announcement is not a solicitation of consent with respect to the Notes. The Consent Solicitation is being made solely pursuant to the Consent Solicitation Statement and related documents dated 20 January 2022, which set forth in detail the terms of the Consent Solicitation. Holders should not contact the Company with respect to the Consent Solicitation and should not rely solely on this announcement. All statements contained herein are qualified by the Consent Solicitation Statement.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession of this announcement comes are required to inform themselves about, and to observe, any such restrictions. Forward-looking statements in this announcement, including, among others, statements relating to the Consent Solicitation are based on current expectations. These statements are not guarantees of future events or results. Future events and results involve risks, uncertainties and assumptions and are difficult to predict with any precision. Actual events and results could vary materially from the description contained herein due to many factors including changes in the market and price for the Notes, changes in the business and financial condition of the Group, changes in the real estate or infrastructure industries and changes in the financial and capital markets in general.

As there is no assurance that the Requisite Consents will be obtained, Shareholders, Holders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“10.875% Notes”	the Company’s 10.875% Notes due 2022 (ISIN No.: XS2120092882, Common Code: 212009288)
“11.50% Notes”	the Company’s 11.50% Notes due 2022 (ISIN No.: XS2085883119, Common Code: 208588311)
“10.875% Notes Indenture”	the indenture dated 26 February 2020 (as supplemented from time to time) specifying the terms of 10.875% Notes
“11.50% Notes Indenture”	the indenture dated 12 December 2019 (as supplemented from time to time) specifying the terms of 11.50% Notes
“Board”	the board of directors of the Company
“CET”	Central European Time
“Clearstream”	Clearstream Banking S.A.
“Company”	China South City Holdings Limited, a company incorporated in Hong Kong with limited liability whose Shares are listed on the Stock Exchange
“Consent Fee”	the Early Consent Fee and the Late Consent Fee, together
“Consent Solicitation”	soliciting consents from Holders of the 11.50% Notes and the Holders of the 10.875% Notes to certain proposed amendments to the 11.50% Notes Indenture and the 10.875% Notes Indenture, respectively
“Consent Solicitation Statement”	the consent solicitation statement dated 20 January 2022 in relation to the seeking of consents for certain amendments to the 11.50% Notes Indenture and the 10.875% Notes Indenture
“Directors”	the directors of the Company
“Early Consent Fee”	a cash payment of US\$5.00 to each Holder per US\$1,000 in principal amount of Notes in respect of which such Holder has validly delivered (and not validly revoked) a consent on or prior to the Early Expiration Date
“Early Expiration Date”	5:00 p.m., CET on 26 January 2022, unless terminated or extended by the Company from time to time in its sole discretion
“Eligible Holders”	Holders who are non-U.S. persons located outside the United States (as those terms are defined in Regulation S under the U.S. Securities Act) or certain fiduciaries holding accounts for the benefit of non-U.S. persons outside the United States (as those terms are defined in Regulation S under the U.S. Securities Act) with Notes held through Euroclear and Clearstream
“Euroclear”	Euroclear Bank SA/NV
“Expiration Date”	5:00 p.m., CET on 28 January 2022, unless terminated or extended by the Company from time to time in its sole discretion
“Group”	the Company and its subsidiaries
“Holders”	the registered holders of the Notes

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indentures”	the 11.50% Notes Indenture and the 10.875% Notes Indenture
“Information and Tabulation Agent”	Morrow Sodali Ltd.
“Launch Date”	means 20 January 2022
“Late Consent Fee”	a cash payment of US\$1.50 to each Holder per US\$1,000 in principal amount of Notes in respect of which such Holder has validly delivered (and not validly revoked) a consent on or prior to the Expiration Date
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notes”	the 10.875% Notes and the 11.50% Notes
“Payment Date”	the date on which the Company expects to make the payment of the Consent Fee, currently expected to be 10 February 2022 if the conditions of the Consent Solicitation are met (or waived by the Company).
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong and Macao Special Administrative Region of the People’s Republic of China
“Requisite Consents”	means there being validly delivered (and not validly revoked) consents from the Holders of not less than 75% in aggregate principal amount of outstanding of each of the 11.50% Notes and the 10.875% Notes pursuant to the terms set out in the Consent Solicitation Statement on or prior to the Expiration Date
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S. Securities Act”	United States Securities Act of 1933, as amended
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
China South City Holdings Limited
CHENG Chung Hing
Chairman & Executive Director

Hong Kong, 20 January 2022

As at the date of this announcement, the Executive Directors of the Company are Mr. Cheng Chung Hing, Ms. Geng Mei and Ms. Cheng Ka Man Carman; the Non-Executive Directors of the Company are Mr. Cheng Tai Po and Mr. Lei Ming; and the Independent Non-Executive Directors of the Company are Mr. Leung Kwan Yuen Andrew, GBM, GBS, JP, Mr. Li Wai Keung and Mr. Hui Chiu Chung, JP.