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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 under the Hong Kong Companies Ordinance)

(Stock Code: 1668)

OFFER TO PURCHASE THE OUTSTANDING 7.25% SENIOR NOTES DUE 2021 (ISIN: XS1756727290, COMMON CODE: 175672729)

BACKGROUND

On 25 January 2018, the Company issued an aggregate principal amount of U.S.\$250,000,000 7.25% Senior Notes due 2021 (the “Notes”) (ISIN: XS1756727290, Common Code: 175672729). The Notes are guaranteed by certain of the Company’s existing subsidiaries and are listed on Singapore Exchange Securities Trading Limited. As at the date of this announcement, U.S.\$207,100,000 of the Notes remains outstanding.

OFFER TO PURCHASE OF THE NOTES

On 2 September 2020, the Company commenced the Offer with respect to the outstanding Notes in accordance with the terms and conditions set out in the Offer to Purchase.

TENDER INSTRUCTIONS

In order to participate in and be eligible to receive the Purchase Price and Accrued Interest Payment pursuant to the Offer, Eligible Holders must validly tender their Notes for purchase by delivering, or arranging to have delivered on their behalf, a valid Tender Instruction that is received by the Information and Tender Agent by the Expiration Deadline via the Clearing Systems, unless the Offer is extended, re-opened, amended and/or terminated as provided in the Offer to Purchase. A separate Tender Instruction must be submitted on behalf of each individual beneficial owner due to potential proration. Tender Instructions will be irrevocable once delivered in accordance with the terms of the Offer.

Subject to the terms and conditions contained in the Offer to Purchase, the Company is offering to purchase for cash an aggregate principal amount of the outstanding Notes validly tendered up to the Maximum Acceptance Amount (as defined below). The Company will determine, in its sole discretion, the aggregate principal amount of Notes (if any) that it will accept for purchase pursuant to the Offer. It is the current intention of the Company that the maximum acceptance amount (the “**Maximum Acceptance Amount**”) will be U.S.\$100,000,000, although the Company reserves the right, in its sole discretion, to accept significantly more than or significantly less than such amount, or to accept none of such Notes, for purchase pursuant to the Offer.

PURCHASE PRICE AND ACCRUED INTEREST PAYMENT

The purchase price payable to the Eligible Holders whose Notes are accepted for purchase will be equal to U.S.\$1,000 for each U.S.\$1,000 in principal amount of the Notes. In addition, Eligible Holders whose Notes are accepted for purchase pursuant to the Offer will also receive accrued and unpaid interest on the principal amount of all Notes accepted for purchase pursuant to the Offer from and including the last interest payment date of 25 July 2020 up to, but excluding, the Settlement Date calculated in accordance with the Indenture. No tenders of the Notes will be valid if received by the Information and Tender Agent after the Expiration Deadline.

PRORATION

If the aggregate principal amount of the Notes validly tendered is greater than the Maximum Acceptance Amount, the Company will accept tenders of the Notes for purchase on a pro rata basis such that the aggregate principal amount of the Notes accepted for purchase is no greater than the Maximum Acceptance Amount. Such pro rata application will be performed by accepting (in respect of each relevant Tender Instruction) that proportion of the Notes validly tendered which is equal to the Maximum Acceptance Amount divided by the aggregate principal amount in respect of all Notes validly tendered, subject to rounding and as described in the following paragraph.

In the event of any such proration, the Company will round downward, if necessary, to ensure all purchases of Notes will be in a minimum principal amount of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. However, the Company may elect to accept or reject such tender of the Notes in full if application of proration will otherwise result in either (i) the Company accepting the Notes from any Eligible Holder in a principal amount of less than U.S.\$200,000 or (ii) the principal amount of the Notes not purchased due to pro rata application being less than U.S.\$200,000. All Notes not accepted as a result of proration will be returned to the Eligible Holders.

SOURCE OF FUNDS

The Company intends to finance the Offer with the proceeds from the issuance of the New Notes.

GENERAL

The Offer will commence on 2 September 2020 and will expire at 4:00 p.m. (London time) on 9 September 2020, unless extended, reopened, amended and/or terminated as provided in the Offer to Purchase, in which case an announcement to that effect will be made by the Company. Although the Company has no present plans or arrangements to do so, the Company reserves the right to waive, amend, extend, terminate or withdraw the Offer and the terms and conditions thereof at any time, subject to applicable law.

The Company will announce the result of the Offer as soon as reasonably practicable after the Expiration Deadline.

The Notes purchased by the Company pursuant to the Offer will be cancelled and those Notes will not be re-issued or resold. The Notes that are not successfully tendered for purchase pursuant to the Offer will remain outstanding. Any Notes that remain outstanding after the Offer will continue to be the obligations of the Company. Holders of those outstanding Notes will continue to have all the rights associated with those Notes.

Whether or not the Offer is completed, the Company and its affiliates may, to the extent permitted by applicable law, continue to acquire, from time to time after the Offer, Notes other than pursuant to the Offer, including through open market repurchases, privately negotiated transactions, offers to purchase, exchange offers or otherwise, upon such terms and at such prices as they may determine. The Company may also redeem any outstanding Notes in accordance with their terms and conditions. In particular, Eligible Holders should note that pursuant to the terms of the Indenture, the Company may, at its option at any time prior to 25 January 2021, redeem the Notes, in whole but not in part, at a redemption price equal to 100 per cent. of the principal amount of the Notes plus the Applicable Premium (as defined in the Indenture) as of, and accrued and unpaid interest, if any, to (but excluding) the relevant redemption date.

The Company will from time to time issue announcements in respect of the progress of the Offer as and when necessary pursuant to the Listing Rules and other relevant rules and regulations.

SETTLEMENT DATE

The Settlement Date for the Offer is currently expected to be 11 September 2020, subject to the right of the Company to extend, re-open, amend and/or terminate the Offer.

RATIONALE FOR THE OFFER

The Offer is being made as part of the Company's efforts to proactively manage its balance sheet liabilities and optimize its debt structure.

NEW NOTES AND NEW FINANCING CONDITION

The Company announced on 2 September 2020 the proposed issue of U.S. dollar denominated fixed rate senior notes (the "**New Notes**"), in minimum denominations of U.S.\$200,000. The Company may decide, at its sole discretion, not to proceed with the issue of New Notes for any reason.

The Company is not under any obligation to accept for purchase any Notes tendered pursuant to the Offer. The acceptance for purchase by the Company of Notes validly tendered pursuant to the Offer is at the sole discretion of the Company and tenders may be rejected by the Company for any reason. The purchase of any Notes by the Company pursuant to the Offer is subject (unless such condition is waived by the Company in its sole and absolute discretion), without limitation, to the Company being satisfied that it will have received on or prior to the Settlement Date an amount by way of proceeds of the issue of New Notes, which is sufficient (as determined by the Company at its sole discretion) in order to enable the Company, among other things, to finance, in whole or in part, the payment by it of the aggregate amount of the Purchase Price and the Accrued Interest Payment in respect of the Notes validly tendered and accepted by it for purchase pursuant to the Offer (the "**New Financing Condition**").

Any investment decision to purchase any New Notes should be made solely on the basis of the information contained in the relevant offering memorandum to be prepared in connection with the offering of the New Notes.

The New Notes are not being, and will not be, offered or sold in the United States. Nothing in this announcement constitutes an offer to sell or the solicitation of an offer to buy the New Notes in the United States or any other jurisdiction. Securities may not be offered, sold or delivered in the United States absent registration under, or an exemption from the registration requirements of the U.S. Securities Act. The New Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered, sold or delivered, directly or indirectly, within the United States.

No action has been or will be taken in any jurisdiction in relation to the New Notes to permit a public offering of securities.

OTHER INFORMATION

For a detailed statement of the terms and conditions of the Offer, Eligible Holders should refer to the Offer to Purchase which will be available on the Offer Website. In connection with the Offer, the Company has mandated UBS AG, Hong Kong Branch and Credit Suisse (Hong Kong) Limited (as the Joint Dealer Managers) and Morrow Sodali Ltd. as the Information and Tender Agent.

UBS AG, Hong Kong Branch may be contacted at 52/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

Credit Suisse (Hong Kong) Limited may be contacted at Level 88, International Commerce Centre, 1 Austin Road West, Kowloon Hong Kong.

Morrow Sodali Ltd. may be contacted in London at +44 208 089 3287 and in Hong Kong at +852 2158 8405 or via email at csc@investor.morrowsodali.com.

The Offer to Purchase will be distributed in electronic format to holders of the Notes via the Offer Website: <https://bonds.morrowsodali.com/csc>. Any requests for additional copies of the Offer to Purchase or instruction enquiries may be directed to the Information and Tender Agent at the above contact points.

IMPORTANT NOTICE – THE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE THE UNITED STATES. PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER THE NOTES IN THE OFFER.

DISCLAIMER

This announcement must be read in conjunction with the Offer to Purchase. No offer or invitation to acquire or exchange any notes is being made pursuant to this announcement. This announcement and the Offer to Purchase contain important information, which must be read carefully before any decision is made with respect to the Offer. If any Eligible Holder is in any doubt as to the action it should take, it is recommended to seek its own legal, tax and financial advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to participate in the Offer. None of the Company, the Joint Dealer Managers, the Information and Tender Agent, or any person who controls, or is a director, officer, employee or agent of such persons, or any affiliate of such persons, makes any recommendation as to whether Eligible Holders should participate in the Offer.

The Offer is not being made within, and the Offer to Purchase is not for distribution in the United States. The Offer to Purchase is not an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to offer such securities and any guarantees with respect thereto, for sale.

The Offer to Purchase and this announcement do not constitute, and may not be used in connection with, an offer to purchase, a solicitation of an offer to purchase, an offer to sell or a solicitation of an offer to sell, securities in the United States or any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such an offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make an offer or a solicitation. The Company will not accept any responsibility for any violation by any person of the restrictions applicable in any jurisdiction.

No securities of the Company or any of its subsidiaries are being, or will be, registered under the U.S. Securities Act or the securities laws of any state of the United States, and no such securities may be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state or local securities laws. No public offering of securities is being or will be made in the United States or any other jurisdiction. Nothing in this communication shall constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction in which such offer or sale would be unlawful.

The distribution of this announcement and the Offer to Purchase in certain jurisdictions may be restricted by law. Persons into whose possession this announcement and/or the Offer to Purchase comes are required to inform themselves about, and to observe, any such restrictions, including as described in the Offer to Purchase under the section titled “*Offer and Distribution Restrictions*”. Forward-looking statements in this announcement and/or the Offer to Purchase, including, among others, those statements relating to the Offer 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 Company and its subsidiaries, changes in the industries in which the Company operates in and changes in the capital markets in general.

Holders of the Notes and potential investors in any securities of the Company should note that completion of the Offer is subject to the terms and as set forth in the Offer to Purchase and summarized in this announcement. No assurance can be given that the Offer will be completed and the Company reserves the right, at its sole and absolute discretion, to extend, withdraw or terminate the Offer, and amend, modify or waive any of the terms and conditions of the Offer.

As the Offer may or may not proceed, holders of the Notes and potential investors in any securities of the Company should exercise caution when dealing in the securities of the Company or the Notes.

DEFINITIONS

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

“Accrued Interest”	interest accrued and unpaid on the principal amount of Notes from and including the last interest payment date of 25 July 2020 up to, but excluding, the Settlement Date calculated in accordance with the Indenture;
“Accrued Interest Payment”	an amount in cash (rounded to the nearest U.S.\$0.01, with half a cent rounded upwards) equal to the Accrued Interest on Notes accepted for purchase by the Company;
“Board”	the board of Directors of the Company;
“Company”	China South City Holdings Limited (華南城控股有限公司), a company incorporated with limited liability under the Hong Kong Companies Ordinance, whose shares are listed on the main board of the Stock Exchange (stock code: 1668);
“Clearing System Notice”	the form of notice to be sent to Direct Participants by each of the Clearing Systems on or about the date of the Offer to Purchase informing Direct Participants of the procedures to be followed in order to participate in and be eligible to receive the Purchase Price and Accrued Interest Payment pursuant to the Offer;
“Clearing Systems”	Euroclear and Clearstream;
“Clearstream”	Clearstream Banking S.A.;
“Direct Participant”	each person who is shown in the records of Euroclear or Clearstream as a holder of the Notes;
“Director(s)”	the directors of the Company;
“Eligible Holders”	holders of the Notes located outside the United States (as those terms are defined under Regulation S);
“Expiration Deadline”	4:00 p.m., London time, on 9 September, 2020 (subject to the right of the Company, in its sole discretion, to extend, re-open, amend and/or terminate the Offer);
“Euroclear”	Euroclear Bank SA/NV;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Indenture”	the indenture governing the Notes dated 25 January 2018 among the Company, the Subsidiary Guarantors named therein and Citicorp International Limited, as trustee (as amended or supplemented);
“Information and Tender Agent”	Morrow Sodali Ltd.;
“Joint Dealer Managers”	UBS AG Hong Kong Branch and Credit Suisse (Hong Kong) Limited;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Financing Condition”	the condition to whether the Company will accept for purchase the Notes validly tendered in the Offer (subject to the right of the Company to amend and/or terminate the Offer), being that the Company will have received on or prior to the Settlement Date an amount by way of proceeds of the issue of New Notes, which is sufficient (as determined by the Company in its sole discretion) in order to enable the Company to finance, in whole or in part, the payment by it of the aggregate amount of the Purchase Price and the Accrued Interest Payment in respect of the Notes validly tendered and accepted by it for purchase pursuant to the Offer;
“Offer”	the offer to purchase for cash by the Company of up to the Maximum Acceptance Amount (as such amount may be changed by the Company in its sole discretion) of its outstanding Notes (on the terms and subject to the conditions set out in the Offer to Purchase);
“Offer to Purchase”	the offer to purchase dated 2 September 2020 made available to the holders of the Notes in relation to the Offer;
“Offer Website”	https://bonds.morrowsodali.com/csc , the website set up by the Information and Tender Agent for the purposes of hosting the documents relating to the Offer;
“PRC”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong);
“Purchase Price”	U.S.\$1,000 per U.S.\$1,000 principal amount of Notes.
“Regulation S”	Regulation S under the U.S. Securities Act;
“Settlement Date”	the date of settlement which is expected to occur on or about 11 September 2020 (subject to the right of the Company to extend, reopen, amend and/or terminate the Offer at any time);

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tender Instruction”	the electronic tender and blocking instruction in the form specified in the Clearing System Notice for submission by Direct Participants to the Information and Tender Agent via the relevant Clearing System and in accordance with the requirements of such Clearing System by the relevant deadlines in order for Eligible Holders to be able to participate in and be eligible to receive the Purchase Price and Accrued Interest Payment pursuant to the Offer. Such electronic tender and blocking instruction must specify the principal amount of the Notes that the relevant Eligible Holder is tendering at the Purchase Price. Notes may be tendered only in minimum denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof;
“United States” or “U.S.”	The United States of America;
“U.S. Securities Act”	the United States Securities Act of 1933, as amended;
“U.S.\$”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

By Order of the Board
CHINA SOUTH CITY HOLDINGS LIMITED
Cheng Chung Hing
Chairman and Executive Director

Hong Kong, 2 September 2020

As at the date of this announcement, the Board comprises ten Directors, namely executive Directors: Mr. Cheng Chung Hing, Mr. Zhao Lidong, Mr. Wu Guangquan and Ms. Cheng Ka Man Carman; non-executive Directors: Mr. Cheng Tai Po and Mr. Lin Ching Hua; and independent non-executive Directors: Mr. Leung Kwan Yuen Andrew, Mr. Li Wai Keung, Mr. Hui Chiu Chung and Mr. Yung Wing Ki Samuel.