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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)

CONSENT SOLICITATION IN RELATION TO

11.50% SENIOR NOTES DUE 2022 (ISIN: XS2085883119, Common Code: 208588311)
10.875% SENIOR NOTES DUE 2022 (ISIN: XS2120092882, Common Code: 212009288)
7.25% SENIOR NOTES DUE 2022 (ISIN: XS1720216388, Common Code: 172021638)
11.95% SENIOR NOTES DUE 2023 (ISIN: XS2238030162, Common Code: 223803016) and
10.75% SENIOR NOTES DUE 2023 (ISIN: XS2227909640, Common Code: 222790964)

The Board announces that the Company is soliciting consent from the Holders of the 11.50% Notes, the Holders of the 10.875% Notes, the Holders of the 7.25% Notes, the Holders of the 11.95% Notes and the Holders of the 10.75% Notes to amend the 11.50% Notes Indenture, the 10.875% Notes Indenture, the 7.25% Notes Indenture, the 11.95% Notes Indenture and the 10.75% 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, among other things, (1) amend the definition of “Permitted Holders” of the Notes to include SZCDG, its affiliates and certain persons related to SZCDG, and (2) to amend clause (2) of the definition of “Change of Control” under each of the Indentures to increase the percentage of the Permitted Holders’ Voting Stock (as defined in the Indentures) of the Company from 20% to 29.9%. The amendment is proposed to reflect the current shareholding structure after the share acquisition by SZCDG.

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.

Reference is made to the announcements of the Company dated 5 December 2019, 13 December 2019, 13 January 2020, 14 January 2020, 22 January 2020 and 20 January 2022 in relation to the 11.50% Notes, dated 19 February 2020, 20 February 2020, 27 February 2020, 22 June 2020, 29 June 2020 and 20 January 2022 in relation to the 10.875% Notes, dated 13 November 2017, 14 November 2017 and 21 November 2017 in relation to the 7.25% Notes, dated 3 March 2021, 10 March 2021, 17 March 2021 and 23 March 2021, in relation to the 11.95% Notes, and dated 2 September 2020, 3 September 2020, 14 September 2020, 7 January 2021 and 14 January 2021 in relation to the 10.75% Notes.

The Board announces that the Company is soliciting consents from the Holders to amend the 11.50% Notes Indenture, the 10.875% Notes Indenture, the 7.25% Notes Indenture, the 11.95% Notes Indenture and the 10.75% 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 16 May 2022 (the “**Completion of Subscription Announcement**”). On 16 May 2022, SZCDG acquired 3,350,000,000 Shares of the Company, representing approximately 29.28% of the issued share capital of the Company, and thus has become a substantial Shareholder and the single largest Shareholder.

The principal purpose of the Consent Solicitation is to, among other things, (1) amend the definition of “Permitted Holders” of the Notes to include SZCDG, its affiliates and certain persons related to SZCDG, and (2) to amend clause (2) of the definition of “Change of Control” under each of the Indentures to increase the percentage of the Permitted Holders’ Voting Stock (as defined in the Indentures) of the Company from 20% to 29.9%. The amendment is proposed to reflect the current shareholding structure after the share acquisition by SZCDG.

Capitalized terms used in the preceding two paragraphs and not otherwise defined herein shall have the same meanings as those defined in the Consent Solicitation Statement.

CONSENT SOLICITATION

The principal purpose of the Consent Solicitation is to, among other things, (1) amend the definition of “Permitted Holders” of the Notes to include SZCDG, its affiliates and certain persons related to SZCDG, and (2) to amend clause (2) of the definition of “Change of Control” under each of the Indentures to increase the percentage of the Permitted Holders’ Voting Stock (as defined in the Indentures) of the Company from 20% to 29.9%. The amendment is proposed to reflect the current shareholding structure after the share acquisition by SZCDG.

The Company is seeking the Requisite Consents from the Holders in relation to proposed amendments to the terms of the 11.50% Notes Indenture, the 10.875% Notes Indenture, the 7.25% Notes Indenture, the 11.95% Notes Indenture and the 10.75% Notes Indenture to

- amend (A) the definition of “Permitted Holders” under the 11.50% Notes Indenture to (1) include SZCDG, its affiliates, any trust the settlor or beneficiaries of which is SZCDG and legal representative of SZCDG, as the “Permitted Holders” and (2) remove Mr. Leung Moon Lam from and add “any child and remoter issue” of Mr. Cheng Chung Hing to the definitions of “Permitted Holders” in the 11.50% Notes Indenture; and (B) clause (2) of the definition of “Change of Control” under each of the Indentures to increase the percentage of the Permitted Holders’ Voting Stock (as defined in the Indentures) of the Company from 20% to 29.9% (the “**11.50% Notes Proposed Amendments**”);
- amend (A) the definition of “Permitted Holders” under the 10.875% Notes Indenture to (1) include SZCDG, its affiliates, any trust the settlor or beneficiaries of which is SZCDG and legal representative of SZCDG, as the “Permitted Holders” and (2) remove Mr. Leung Moon Lam from and add “any child and remoter issue” of Mr. Cheng Chung Hing to the definitions of “Permitted Holders” in the 10.875% Notes Indenture; and (B) clause (2) of the definition of “Change of Control” under each of the Indentures to increase the percentage of the Permitted Holders’ Voting Stock (as defined in the Indentures) of the Company from 20% to 29.9% (the “**10.875% Notes Proposed Amendments**”);
- amend (A) the definition of “Permitted Holders” under the 7.25% Notes Indenture to (1) include SZCDG, its affiliates, any trust the settlor or beneficiaries of which is SZCDG and legal representative of SZCDG, as the “Permitted Holders” and (2) remove Mr. Leung Moon Lam from and add “any child and remoter issue” of Mr. Cheng Chung Hing to the definitions of “Permitted Holders” in the 7.25% Notes Indenture; and (B) clause (2) of the definition of “Change of Control” under each of the Indentures to increase the percentage of the Permitted Holders’ Voting Stock (as defined in the Indentures) of the Company from 20% to 29.9% (the “**7.25% Notes Proposed Amendments**”);
- amend (A) the definition of “Permitted Holders” under the 11.95% Notes Indenture to (1) include SZCDG, its affiliates, any trust the settlor or beneficiaries of which is SZCDG and legal representative of SZCDG, as the “Permitted Holders”; and (B) clause (2) of the definition of “Change of Control” under each of the Indentures to

increase the percentage of the Permitted Holders' Voting Stock (as defined in the Indentures) of the Company from 20% to 29.9% (the “**11.95% Notes Proposed Amendments**”); and

- amend (A) the definition of “Permitted Holders” under the 10.75% Notes Indenture to (1) include SZCDG, its affiliates, any trust the settlor or beneficiaries of which is SZCDG and legal representative of SZCDG, as the “Permitted Holders” and (2) add any “remoter issue” of Mr. Cheng Chung Hing to the definitions of “Permitted Holders” in the 10.75% Notes Indenture; and (B) clause (2) of the definition of “Change of Control” under each of the Indentures to increase the percentage of the Permitted Holders' Voting Stock (as defined in the Indentures) of the Company from 20% to 29.9% (the “**10.75% Notes Proposed Amendments**”).

Each of the 11.50% Notes Proposed Amendments, the 10.875% Notes Proposed Amendments, the 7.25% Notes Proposed Amendments, the 11.95% Notes Proposed Amendments and the 10.75% Notes Proposed Amendments constitute a single proposal and a consenting Holder must consent to such 11.50% Notes Proposed Amendments, 10.875% Notes Proposed Amendments, the 7.25% Notes Proposed Amendments, the 11.95% Notes Proposed Amendments or the 10.75% Notes Proposed Amendments, as applicable, as an entirety and may not consent selectively with respect to certain of such 11.50% Notes Proposed Amendments, 10.875% Notes Proposed Amendments, the 7.25% Notes Proposed Amendments, the 11.95% Notes Proposed Amendments or the 10.75% Notes Proposed Amendments, as applicable.

Subject to the terms and conditions of the Consent Solicitation, the Company will make a cash payment of US\$0.5 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 Expiration Date. The Company will make the payment of the Consent Fee on the Payment Date, which it currently expects to be on 6 July 2022.

The acceptance of the consents from the Eligible 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 Eligible Holders of not less than 75% in aggregate outstanding principal amount of each of the 11.50% Notes, the 10.875% Notes, the 7.25% Notes, the 11.95% Notes and the 10.75% Notes pursuant to the terms of the Consent Solicitation 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 hereby with respect to the Notes 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://projects.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://projects.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 engaged in development and operation of large-scale integrated logistics and trade centres in China. It provides professional integrated logistics and trading platforms with comprehensive value-added ancillary services and facilities, including but not limited to logistics and warehousing services, property management, outlet operations, e-commerce services, convention and exhibition services – to assist small-to-medium enterprises in modernising the way they conduct business. Capitalising on the Group’s unique and flexible business model, proven operational capabilities and extensive experience in co-operating with local governments to support urbanisation and industrial upgrade throughout China, the Group has developed an extensive network with eight projects in different provincial capitals and municipalities across the nation, including Shenzhen, Nanning, Nanchang, Xi’an, Harbin, Zhengzhou, Hefei and Chongqing.

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 15 June 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:

“7.25% Notes”	the Company’s 7.25% Notes due 2022 (ISIN No.: XS1720216388, Common Code: 172021638)
“10.75% Notes”	the Company’s 10.75% Notes due 2023 (ISIN No.: XS2227909640, Common Code: 222790964)
“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)
“11.95% Notes”	the Company’s 11.95% Notes due 2023 (ISIN No.: XS2238030162, Common Code: 223803016)
“7.25% Notes Indenture”	the indenture dated 20 November 2017 (as supplemented from time to time) specifying the terms of 7.25% Notes
“10.75% Notes Indenture”	the indenture dated 11 September 2020 (as supplemented from time to time) specifying the terms of 10.75% Notes
“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
“11.95% Notes Indenture”	the indenture dated 9 March 2021 (as supplemented from time to time) specifying the terms of 11.95% Notes
“Board”	the board of directors of the Company
“CET”	Central European Summer 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”	a cash payment of US\$0.5 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 Expiration Date
“Consent Solicitation”	soliciting consents from the Holders of the 11.50% Notes, the Holders of the 10.875% Notes, the Holders of the 7.25% Notes, the Holders of the 11.95% Notes and the Holders of the 10.75% Notes to certain proposed amendments to the 11.50% Notes Indenture, the 10.875% Notes Indenture, the 7.25% Notes Indenture, the 11.95% Notes Indenture and the 10.75% Notes Indenture, respectively
“Consent Solicitation Statement”	the consent solicitation statement dated 15 June 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
“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 June 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, the 10.875% Notes Indenture, the 7.25% Notes Indenture, the 11.95% Notes Indenture and the 10.75% Notes Indenture
“Information and Tabulation Agent”	Morrow Sodali Ltd.
“Launch Date”	means 15 June 2022
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notes”	the 11.50% Note, the 10.875% Note, the 7.25% Note, the 11.95% Notes and the 10.75% Notes

“Payment Date”	the date on which the Company expects to make the payment of the Consent Fee, currently expected to be 6 July 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 Eligible Holders of not less than 75% in aggregate outstanding principal amount of each of the 11.50% Notes, the 10.875% Notes, the 7.25% Notes, the 11.95% Notes and the 10.75% 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, 15 June 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.