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South Shore Holdings Limited

南岸集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 577)

INSIDE INFORMATION ANNOUNCEMENT AND RESUMPTION OF TRADING

TERMINATION NOTICE OF THE EVERGREEN RENEWAL OF THE BRIDGE LOAN ISSUED BY WISE PARK BUSINESS LIMITED

On 13 May 2021, the legal representatives of Wise Park Business Limited (“**Wise Park**”) by way of a letter to the legal representatives of The 13 Hotel (BVI) Limited and the Company gave the Termination Notice of the Evergreen Renewal of the Bridge Loan and demanded payment of HK\$592,915,593.78 (“**the Overdue Amount**”) (i.e. the default sum of HK\$519,178,082.07 plus HK\$73,737,511.71 being default interest accrued since 2 December 2020) by midday on 14 May 2021, failing which, Wise Park may without further notice exercise all its rights and powers (including the powers of sale) under the Share Charge and/or commence legal proceedings against The 13 Hotel (BVI) Limited and the Company for recovery of its debts.

On 18 May 2021, the legal representatives of Wise Park by way of a letter to the legal representatives of The 13 Hotel (BVI) Limited and the Company gave notice that Wise Park had already exercised its rights under the Share Charge over the entire share capital of The 13 (BVI) Limited to sell the charged share of The 13 (BVI) Limited to a third party at HK\$150,000,000 and that the sale proceeds will be applied by it towards the Overdue Amount and further demanded that the net balance of the Overdue Amount (plus further accrued interest) after deduction of the said sale proceeds be paid by The 13 Hotel (BVI) Limited and the Company “within the next 5 days”, failing which Wise Park “shall commence legal proceedings against them without further notice”.

The Company will keep its shareholders and investors informed of developments in relation to the abovementioned demand for repayment and other related matters by way of further announcement(s) as and when appropriate in accordance with the Listing Rules.

The Company has taken legal advice and as a consequence of Wise Park purportedly exercising its rights under the Share Charge over the entire share capital of The 13 (BVI) Limited, it is highly probable that Paul Y. Engineering Group Limited will no longer be a subsidiary of the Company and the results of Paul Y. Engineering Group Limited will not be consolidated into the Group's consolidated financial statements.

As at the date of this announcement, the Company has not received any winding-up petition against the Company, and the Company will continue its best endeavours to attempt to negotiate with Wise Park.

RESUMPTION OF TRADING

Reference is made to the Company's announcement dated 20 May 2021, pursuant to which it was disclosed that all dealings in the shares of the Company were halted with effect from 9:00 a.m. on 20 May 2021.

Application will be made by the Company to The Stock Exchange of Hong Kong Limited for the resumption of trading of the shares of the Company expectedly with effect from 9:00 a.m. on 24 May 2021.

This announcement is made by South Shore Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2) and 13.19 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

BACKGROUND

The Bridge Loan Agreement

The 13 Hotel (BVI) Limited is a company incorporated and existing under the laws of the British Virgin Islands and is a direct wholly-owned subsidiary of the Company.

On 5 December 2016, The 13 Hotel (BVI) Limited as borrower entered into a Senior Secured Bridge Loan Agreement with Evo PE Opportunities, Limited, as lender (“**the Bridge Loan Agreement**”), in which Evo PE Opportunities, Limited agreed to advance a bridge loan in the amount of HK\$300,000,000 (“**the Bridge Loan**”) to The 13 Hotel (BVI) Limited, bearing interest at an annual rate (based on a 365-day year) of 25% for the actual number of days elapsed from the date of drawdown of the Bridge Loan until the Bridge Loan was repaid in full, the Loan Maturity Date being 6 months from the date of the Bridge Loan Agreement. Default Interest on the Bridge Loan was agreed at the annual rate of 32%. Under the terms of the Bridge Loan Agreement, the Bridge Loan was made for the purpose of financing the Company’s development and pre-opening costs of an ultra luxury all suite hotel in Macau.

In connection with the Bridge Loan Agreement, The 13 Hotel (BVI) Limited (as chargor) in favour of Evo PE Opportunities, Limited (as chargee) entered into a Share Charge dated 5 December 2016 (“**the Share Charge**”) pursuant to which (among other things), the entire issued share capital of The 13 (BVI) Limited, a wholly-owned subsidiary of The 13 Hotel (BVI) Limited, was charged as continuing security to secure the due performance of The 13 Hotel (BVI) Limited’s obligations and liabilities to Evo PE Opportunities, Limited under the Bridge Loan Agreement.

On 5 December 2016, the Company entered into the Bridge Loan Agreement as Guarantor and under the terms of the Bridge Loan Agreement, the Company irrevocably and unconditionally:

- (a) guaranteed to Evo PE Opportunities, Limited punctual performance by The 13 Hotel (BVI) Limited of all The 13 Hotel (BVI) Limited’s obligations under the Bridge Loan Agreement; and
- (b) gave an undertaking to Evo PE Opportunities, Limited that whenever The 13 Hotel (BVI) Limited did not pay any amount when due under the Bridge Loan Agreement, the Company shall immediately on demand pay that amount as if it was the principal obligor.

The Assignment of the Bridge Loan Agreement and the Assignment of the Share Charge

On 8 May 2018, The 13 Hotel (BVI) Limited and the Company received a Notice of Assignment from the lender Evo PE Opportunities, Limited and the participant, Wise Park whereby notice was given that Evo PE Opportunities, Limited pursuant to Deed of Assignment dated 8 May 2018 assigned (among other things) all its rights, title, interest and benefits in all respects in and to the following to Wise Park:

- (a) The Bridge Loan Agreement (as amended and restated from time to time) and the Bridge Loan together with all interest accrued thereon; and
- (b) The Share Charge.

On 17 May 2018, a written acknowledgment of the Notice of Assignment was given by The 13 Hotel (BVI) Limited and the Company to Evo PE Opportunities, Limited and Wise Park.

Notification of Event of Default under the Bridge Loan Agreement from Wise Park

On 2 December 2020, The 13 Hotel (BVI) Limited received a letter from Wise Park giving it notice that under the Bridge Loan Agreement that Wise Park had determined to exercise its rights under the Bridge Loan Agreement to declare the Bridge Loan together with all accrued interest due thereon to become immediately due and payable stating that as at 2 December 2020, the total outstanding principal and accrued interest due under the Bridge Loan Agreement totaled HK\$519,178,082.07 made up of HK\$300,000,000 in principal and HK\$219,178,082.07 in interest.

Wise Park in its letter of 2 December 2020 demanded that 13 Hotel (BVI) Limited fully repay the Overdue Amount by 7 December 2020 and reserved its legal rights.

On 2 December 2020, the Company also received a similar letter from Wise Park demanding payment of the Overdue Amount by 7 December 2020 as the Guarantor under the Bridge Loan Agreement.

From December 2020 to February 2021, the parties have several discussions on extensions of repayment of the Overdue Amount and have subsequently entered into the Evergreen Renewal (as defined below) on 5 February 2021.

Renewal of the term of the Bridge Loan Agreement on an Evergreen Basis

On 5 February 2021, the parties by way of written correspondence exchanged between its legal representatives agreed (among other things) to the following:

- (a) The repayment date of the principal amount of the loan due under the Loan Agreement was renewed commencing 5 February 2021 up to the last day of that month, and upon expiry of that date, would be renewed automatically on a monthly basis to the last day of the following month (“**the Relevant Day**”) unless and until Wise Park, at its sole discretion, serves a notice in writing terminating the renewal (“**the Termination Notice**”) at any time on or before the Relevant Day and upon the issuance of the Termination Notice the loan and all other outstanding monies payable under the Bridge Loan Agreement shall become immediately due (“**the Evergreen Renewal of the Bridge Loan**”);
- (b) The Evergreen Renewal of the Bridge Loan does not in any way prejudice, invalidate or limit Wise Park’s rights and powers to enforce the Share Charge at any time; that is, Wise Park’s rights and powers relating to the enforcement under the Share Charge were agreed to be continuing and subsisting and enforceable at any time;
- (c) The 13 Hotel (BVI) Limited and the Company acknowledged it was continually liable to pay default interest at the rate of 32% per annum on the sum of HK\$519,178,082.07 (i.e. the event of default sum) since 2 December 2020 up to the date of full repayment; and
- (d) The 13 Hotel (BVI) Limited and the Company agreed to submit a concrete repayment proposal for Wise Park’s consideration.

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The Company has taken legal advice and as a consequence of Wise Park purportedly exercising its rights under the Share Charge over the entire share capital of The 13 (BVI) Limited, it is highly probable that Paul Y. Engineering Group Limited will no longer be a subsidiary of the Company and the results of Paul Y. Engineering Group Limited will not be consolidated into the Group’s consolidated financial statements.

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Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board of
South Shore Holdings Limited
Peter Lee Coker Jr.
Chairman (Executive Director)

Hong Kong, 21 May 2021

As at the date of this announcement, the directors of the Company are:

Mr Peter Lee Coker Jr.	: Chairman (Executive Director)
Mr Chow Chi Wah, Vincent	: Executive Director (Managing Director)
Ms Chow Mun Yee	: Executive Director (Finance Director)
Dr Lo Wing Yan, William, <i>JP</i>	: Independent Non-Executive Director
Mr Choi Wai Hong, Clifford	: Independent Non-Executive Director
Ms Lam Yan Fong, Flora	: Independent Non-Executive Director
Ms Liu Tsui Fong	: Independent Non-Executive Director