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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

9.0% SENIOR NOTES DUE APRIL 2024 (ISIN: XS2085883119, COMMON CODE: 208588311)

9.0% SENIOR NOTES DUE JUNE 2024 (ISIN: XS2120092882, COMMON CODE: 212009288)

9.0% SENIOR NOTES DUE JULY 2024 (ISIN: XS1720216388, COMMON CODE: 172021638)

9.0% SENIOR NOTES DUE OCTOBER 2024 (ISIN: XS2238030162, COMMON CODE: 223803016)

AND

9.0% SENIOR NOTES DUE DECEMBER 2024 (ISIN: XS2227909640, COMMON CODE: 222790964)

The Board announces that the Company is soliciting consent from (i) the Holders as of the Record Date to amend the April 2024 Notes Indenture, the June 2024 Notes Indenture, the July 2024 Notes Indenture, the October 2024 Notes Indenture and the December 2024 Notes Indenture, respectively and (ii) the Holders of the Notes as of the Record Date to certain proposed waivers of certain terms of the Indentures, 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 purposes of the Consent Solicitation are (1) to improve our liquidity and cash flow management by extending the maturity and lowering the interest rates of the Notes and implementing the payment of principal of the Notes in instalments and (2) to provide us with additional time to cure the November Interest Non-Payment (as defined below) by providing a waiver until 19 July 2024 and of all past defaults that arose as a consequence of it, among other matters.

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 announcement is made by the Company pursuant to Rule 13.09(2)(a) 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 under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

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, 20 January 2022, 30 January 2022, 15 June 2022, 29 June 2022, 21 July 2022, 27 July 2022 and 1 August 2022 in relation to the April 2024 Notes, dated 19 February 2020, 20 February 2020, 27 February 2020, 22 June 2020, 29 June 2020, 20 January 2022, 30 January 2022, 15 June 2022, 29 June 2022, 21 July 2022, 27 July 2022 and 1 August 2022 in relation to the June 2024 Notes, dated 13 November 2017, 14 November 2017, 21 November 2017, 15 June 2022, 29 June 2022, 21 July 2022, 27 July 2022 and 1 August 2022 in relation to the July 2024 Notes, dated 2 March 2021, 3 March 2021, 10 March 2021, 17 March 2021, 23 March 2021, 15 June 2022, 29 June 2022, 21 July 2022, 27 July 2022 and 1 August 2022 in relation to the October 2024 Notes, and dated 2 September 2020, 3 September 2020, 14 September 2020, 7 January 2021, 14 January 2021, 15 June 2022, 29 June 2022, 21 July 2022, 27 July 2022 and 1 August 2022 in relation to the December 2024 Notes.

The Board announces that the Company is soliciting consents from (i) the Holders as of the Record Date to amend the April 2024 Notes Indenture, the June 2024 Notes Indenture, the July 2024 Notes Indenture, the October 2024 Notes Indenture and the December 2024 Notes Indenture, respectively and (ii) the Holders of the Notes as of the Record Date to certain proposed waivers of certain terms of the Indentures, 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.

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

BACKGROUND AND PURPOSE OF THE CONSENT SOLICITATION

During the latter half of 2021, Chinese property developers and the capital markets that have funded growth and development of the sector have experienced an inflection point. Since then reduced bank lending for real estate development has adversely affected access by property developers to onshore capital. Reduced bank lending for mortgage finance for buyers, combined with buyers' concerns about the ability of property developers to complete projects, has adversely affected property sales. In addition, the use of pre-sale proceeds is also restricted under the applicable PRC laws. Negative reaction to these onshore events by offshore capital markets has curtailed our funding sources to address upcoming maturities. In 2022 and 2023, the property sector in China has continued to experience volatility. More and more negative credit events among property developers have intensified market concerns over the operations of Chinese property developers. As a result, pre-sale of Chinese property developers has generally decreased. We also experienced a noticeable decline of our aggregate contracted sales in recent months. In addition, the recent depreciation of Renminbi against US dollars negatively affected our ability to repay US dollar denominated debts.

We have experienced, and are expected to continue to experience, significant liquidity and cash flow constraints as a result of the deteriorating operating environment affecting the real estate sector in the PRC. We have not made an interest payment due on 20 November 2023 ("November Interest") with respect to the July 2024 Notes ("November Interest Non-Payment") which would lead to an event of default on 20 December 2023 if the November Interest is not paid by such date. We may not have sufficient available funds to make such interest payments before 20 December 2023. As such, if the Requisite Consents are not received by 20 December 2023, it may trigger an event of default under other indebtedness, that could cause us to fail to meet payment obligations under our outstanding indebtedness, which would have a significant material adverse effect on our business, operations and financial condition, including possibly insolvency or other forms of restructuring. Such developments would adversely affect the interests of the Holders, including those that did not give their Consent to the Proposed Amendments and Waivers.

We have been actively seeking to obtain financing and working on generating sufficient cash flow to meet our financial commitments. As part of these efforts, we are conducting the Consent Solicitation to afford us more time and operational flexibility to obtain such financing. Specifically, the Consent Solicitation will allow us (1) to improve our liquidity and cash flow management by extending the maturity and lowering the interest rates of the Notes and implementing the payment of principal of the Notes in instalments and (2) to provide us with additional time to cure the November Interest Non-Payment by providing a waiver until 19 July 2024 and of all past defaults that arose as a consequence of it, among other matters.

CONSENT SOLICITATION

For details of the Proposed Amendments and Waivers under the Consent Solicitation, please see the Consent Solicitation Statement.

Each of the April 2024 Notes Proposed Amendments, the June 2024 Notes Proposed Amendments, the July 2024 Notes Proposed Amendments, the October 2024 Notes Proposed Amendments and the December 2024 Notes Proposed Amendments, in each case together with the Proposed Waivers, constitute a single proposal and a consenting Holder must consent to such April 2024 Notes Proposed Amendments, June 2024 Notes Proposed Amendments, July 2024 Notes Proposed Amendments, October 2024 Notes Proposed Amendments or December 2024 Notes Proposed Amendments, as applicable, and the Proposed Waivers as an entirety and may not consent selectively with respect to certain of such April 2024 Notes Proposed Amendments, June 2024 Notes Proposed Amendments, July 2024 Notes Proposed Amendments, October 2024 Notes Proposed Amendments or December 2024 Notes Proposed Amendments, as applicable, or the Proposed Waivers. If Requisite Consents are received with respect to the Notes and the Proposed Amendments become effective, the Proposed Amendments will be binding on all Holders, including non-consenting Holders. The Proposed Amendments will be set forth in the Amended and Restated Indentures (in the form set forth in Exhibits A, B, C, D and E in the Consent Solicitation Statement).

Subject to the terms and conditions of the Consent Solicitation, the Company will make a cash payment of (i) US\$5.0 for each US\$1,000 in principal amount of the Notes to each Holder who has validly delivered (and not validly revoked) a Consent on or prior to the Early Expiration Date, and (ii) US\$1.5 for each US\$1,000 in principal amount of the Notes to each 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 19 December 2023.

Indicative Timetable

Event	Time and Date	Description
Record Date	1 December 2023.	Only Holders of record as of the Record Date are eligible to consent to the Proposed Amendments and Waiver.
Commencement Date	4 December 2023.	Commencement and announcement of the Consent Solicitation on the terms and subject to the conditions set forth in the Consent Solicitation Statement.
Consent Date	The receipt of the Requisite Consents by the Information and Tabulation Agent who then certifies to the Trustee and us that the Requisite Consents have been received as of 4:00 p.m., London Time on such date.	Immediately after the Consent Date, we may proceed to execute and deliver to the Trustee the Amended and Restated Indentures with respect to the Notes giving effect to the Proposed Amendments.

Early Expiration Date	4:00 p.m., London Time, 11 December 2023, unless extended or earlier terminated by the Company from time to time in its sole discretion.	Consents must be received on or prior to the Early Expiration Date to receive the Early Consent Fee.
Expiration Date	4:00 p.m., London Time, 13 December 2023, unless extended or earlier terminated by the Company from time to time in its sole discretion.	Consents must be received after the Early Expiration Date and on or prior to the Expiration Date to receive the Late Consent Fee. Consents received after the Expiration Date will not receive any Consent Fee.
Effective Time	The time that we, the Subsidiary Guarantors and the Trustee execute the Amended and Restated Indentures with respect to the Proposed Amendments, which is after the Consent Date but may be prior to, concurrent with or after the Expiration Date.	Once the Amended and Restated Indentures have been duly executed, the Proposed Amendments will be effective and binding on all holders of the Notes, including non-consenting holders but shall not become operative unless and until the Trustee receives notification, by way of an Officer's Certificate, confirming that we have delivered (via Euroclear or Clearstream, as the case may be) to Holders the necessary funds to pay the applicable Consent Fee pursuant to the Consent Solicitation.
Payment Date	We currently expect the Payment Date to be on 19 December 2023 if the conditions described under the Consent Solicitation Statement are met (or waived by us, in whole or in part, in our sole discretion). We will not be obligated to pay any Consent Fee if any of the conditions described under the Consent Solicitation Statement is not met (or waived by us, in whole or in part, in our sole discretion).	Subject to the satisfaction of the conditions for payment of the Consent Fee, the Company will pay the applicable Consent Fee to each Holder who has validly delivered (and not validly revoked) a Consent on or prior to the Expiration Date.

The acceptance of the consents from the Holders by the Company and the payment of the applicable Consent Fee is conditional upon, among other things, (i) there being validly delivered (and not validly revoked) Consents from Holders of not less than 75% in aggregate outstanding principal amount of each of the April 2024 Notes, the June 2024 Notes, the July 2024 Notes, the October 2024 Notes and the December 2024 Notes pursuant to the terms of the Consent Solicitation, 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.

All Consents received shall remain valid and irrevocable.

IF THE REQUISITE CONSENTS ARE NOT RECEIVED AND THE PROPOSED AMENDMENTS AND WAIVERS DO NOT BECOME EFFECTIVE, THE COMPANY EXPECTS THAT THERE WILL BE AN EVENT OF DEFAULT UNDER ONE OR MORE OF THE NOTES IN THE NEAR FUTURE.

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 and Waivers 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 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 www.dfkingltd.com/chinasouthcity.

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 Haitong International Securities Company Limited and China CITIC Bank International Limited as Solicitation Agents. 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: ChinaSouthCity@dfkingltd.com or at the following website: www.dfkingltd.com/chinasouthcity or telephone: +852 3953 7208 (Hong Kong)/+44 20 7920 9700 (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 (through associated company), outlet operations, e-commerce services, convention and exhibition services – to assist small-to-medium enterprises in modernising the way they conduct business. Capitalising on our flexible business model, operational capabilities and extensive experience in co-operating with local governments to support urbanisation and industrial upgrade throughout China, we have developed an extensive network with eight projects in different provincial capitals and municipalities across the nation, including Shenzhen, Nanning, Nanchang, Harbin, Zhengzhou, Hefei, Chongqing and Xi'an (through associated company).

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 4 December 2023, 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:

“April 2024 Notes”	the Company’s 9.0% Senior Notes due April 2024 (ISIN No.: XS2085883119, Common Code: 208588311)
“April 2024 Notes Indenture”	the indenture dated as of 12 December 2019 (as supplemented from time to time) specifying the terms of April 2024 Notes

“Board”	the board of directors of the Company
“Clearstream”	Clearstream Banking S.A.
“Company”	China South City Holdings Limited 華南城控股有限公司, 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
“Consent Solicitation”	soliciting consents from the Holders of the Notes as of the Record Date to certain proposed amendments to the Indentures and certain proposed waivers of certain terms of the Indentures
“Consent Solicitation Statement”	the consent solicitation statement dated 4 December 2023 in relation to the seeking of consents for certain amendments to the Indentures and certain proposed waivers of certain terms of the Indentures
“December 2024 Notes”	the Company’s 9.0% Senior Notes due December 2024 (ISIN No.: XS2227909640, Common Code: 222790964)
“December 2024 Notes Indenture”	the indenture dated as of 11 September 2020 (as supplemented from time to time) specifying the terms of December 2024 Notes
“Directors”	the directors of the Company
“Early Consent Fee”	a cash payment of US\$5.0 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”	4:00 p.m., London Time, on 11 December 2023, unless extended or earlier terminated by the Company from time to time in its sole discretion
“Euroclear”	Euroclear Bank SA/NV
“Expiration Date”	4:00 p.m., London Time, on 13 December 2023, unless extended or earlier terminated by the Company from time to time in its sole discretion
“Group”	the Company and its subsidiaries
“Holders”	holders with a beneficial interest in the Notes

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Indentures”	the April 2024 Notes Indenture, the June 2024 Notes Indenture, the July 2024 Notes Indenture, the October 2024 Notes Indenture and the December 2024 Notes Indenture
“Information and Tabulation Agent”	D.F. King Ltd.
“July 2024 Notes”	the Company’s 9.0% Senior Notes due July 2024 (ISIN No.: XS1720216388, Common Code: 172021638)
“July 2024 Notes Indenture”	the indenture dated as of 20 November 2017 (as supplemented from time to time) specifying the terms of July 2024 Notes
“June 2024 Notes”	the Company’s 9.0% Senior Notes due June 2024 (ISIN No.: XS2120092882, Common Code: 212009288)
“June 2024 Notes Indenture”	the indenture dated as of 26 February 2020 (as supplemented from time to time) specifying the terms of June 2024 Notes
“Late Consent Fee”	a cash payment of US\$1.5 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
“Launch Date”	means 4 December 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Notes”	the April 2024 Notes, the June 2024 Notes, the July 2024 Notes, the October 2024 Notes and the December 2024 Notes
“October 2024 Notes”	the Company’s 9.0% Senior Notes due October 2024 (ISIN No.: XS2238030162, Common Code: 223803016)
“October 2024 Notes Indenture”	the indenture dated as of 9 March 2021 (as supplemented from time to time) specifying the terms of October 2024 Notes
“Payment Date”	the date on which the Company expects to make the payment of the Consent Fee, currently expected to be on 19 December 2023 if the conditions of the Consent Solicitation are met (or waived by the Company in its sole discretion)

“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
“Record Date”	1 December 2023
“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 April 2024 Notes, the June 2024 Notes, the July 2024 Notes, the October 2024 Notes and the December 2024 Notes pursuant to the terms set out in the Consent Solicitation Statement on or prior to the Expiration Date
“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
LI Wenxiong and CHENG Chung Hing
Co-Chairmen

4 December 2023

As at the date of this announcement, the Co-Chairmen of the Company are Mr. Li Wenxiong (Non-Executive Director) and Mr. Cheng Chung Hing (Executive Director); the Executive Directors of the Company are Ms. Geng Mei, Mr. Wan Hongtao, Mr. Qin Wenzhong and Ms. Cheng Ka Man Carman; the Non-Executive Directors of the Company are Mr. Fung Sing Hong Stephen, Ms. Shen Lifeng, Ms. Li Aihua and Ms. Deng Jin; and the Independent Non-Executive Directors of the Company are Mr. Leung Kwan Yuen Andrew, GBM, GBS, JP, Mr. Li Wai Keung, Mr. Hui Chiu Chung, JP, Ms. Zee Helen and Dr. Li Xu.