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It may be difficult for you to enforce your rights and any claim you may have arising under the United States federal securities laws, since the Company and all of its officers and directors are residents of a non-US country. You may not be able to sue a non-US company or its officers or directors, in a non-US court for violations of the United States securities laws. It may be difficult to compel a non-US company and its affiliates to subject themselves to a United States court's judgment.

You should be aware that the Company may purchase securities otherwise than under the Consent Solicitation, such as in the open market or in privately negotiated purchases.

This announcement is for information purposes only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.



(Incorporated in Hong Kong with limited liability)
(Stock code: 1668)
(the “Company”)

INSIDE INFORMATION

CORRECTION OF UNTRUE STATEMENTS AND FURTHER EXTENSION OF THE EXTENDED EXPIRATION DATE WITH RESPECT TO THE 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)**

Reference is made to the announcement of the Company dated 4 December 2023 and 11 December 2023 (the “**Announcements**”), the consent solicitation statement dated 4 December 2023 (the “**Original Consent Solicitation Statement**”) and the supplemental consent solicitation statement dated 11 December 2023 (the “**Supplemental Consent Solicitation Statement**”, and, together with the Original Consent Solicitation Statement, the “**Consent Solicitation Statement**”) in relation to the Consent Solicitation. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements and Consent Solicitation Statement.

INABILITY TO PAY THE NOVEMBER INTEREST

As explained in the Announcements, the Group has experienced, and is 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. In addition to the November Interest and the other payment obligations under the Notes, the Group has other significant payment obligations including debt servicing obligations to a few onshore financial institutions of approximately RMB500 million which fall due in December 2023.

The Company does not have the financial resources to pay the November Interest on or prior to 20 December 2023. However, the Group has been actively seeking financing and is working on generating sufficient cash flow to meet its financial commitments. The Consent Solicitation aims to afford the Group more time and operational flexibility to obtain such financing and represents a realistic and credible debt service schedule under the circumstances with which the Group will use every effort to comply.

As part of these efforts, the Group has been in continuing discussions with Shenzhen SEZ Construction and Development Group Co., Ltd.¹ (深圳市特區建設發展集團有限公司) (“SZCDG”, the single largest shareholder of the Company) and SZCDG has reiterated its confidence and support of the Group.

The Group is grateful for SZCDG’s continued engagement and acknowledges that (i) as a Stated-owned enterprise, any support to be provided by SZCDG will be subject to PRC laws and regulations (including the obtaining of all relevant government approvals); and (ii) the occurrence of an event of default under the indebtedness of the Group will materially and adversely impact upon, and is likely to present an insurmountable obstacle to, the prospect of any further support to the Group to meet the payment obligations under its outstanding indebtedness (including the November Interest and the debt servicing obligations to a few onshore financial institutions of approximately RMB500 million which fall due in December 2023).

The Group therefore considers it essential that the Proposed Amendments and Waivers take effect by 20 December 2023. Holders who did not vote in favour of or have not voted to support the Consents are urged to submit or re-submit their instructions in favour of the Consents as soon as possible before the Further Extended Expiration Date.

CORRECTION OF UNTRUE STATEMENTS

The Company notes that at 7:16 p.m., Hong Kong time on 15 December 2023 there was a media report asserting that a so-called ad hoc group of Holders (who remain anonymous) had “a blocking stake of at least 25% in principal across all five tranches of the Notes”. The statement is untrue and highly prejudicial.

The Company wishes to clarify that it was notified by the Information and Tabulation Agent at 3:28 p.m., Hong Kong time on 15 December 2023 that Holders of more than 75% of the outstanding principal amount of at least one tranche of the Notes had already voted in favour of the Consent Solicitation.

The Company notes the potential for the untrue statement to halt the submission of any further votes in support of the Consent Solicitation exercise before the expiry of the Extended Expiration Date by implying that the exercise of any vote in favour would be futile.

The Company is deeply concerned by these apparent efforts to influence the outcome of the Consent Solicitation and urges its creditors to exercise extreme caution against false information that is plainly targeted at and intended to influence the creditors who are able to vote in the Consent Solicitation.

FURTHER EXTENSION OF THE EXTENDED EXPIRATION DATE

As of the date of this announcement, Holders of 69.8% of the aggregate outstanding principal amount of the Notes have voted in favour of the Consent Solicitation. The Company is grateful for the support of the Holders.

In light of the circulation of the untrue statement which was made before the expiry of 4:00 p.m., London Time on 15 December 2023 (the “**Extended Expiration Date**”), the Company hereby announces that the Extended Expiration Date has been extended to 4:00 p.m., London Time on 18 December 2023 (the “**Further Extended Expiration Date**”) to provide additional time for the Holders to deliver their Consents. Correspondingly, subject to the terms and conditions of the Consent Solicitation, the Company will pay (i) the Consent Fee to each Holder who has validly delivered (and not validly revoked) a Consent on or prior to the Further Extended Expiration Date on 19 December 2023 (the “**Payment Date**”), and (ii) the Incentive Fee to each Holder who has validly delivered (and not validly revoked) a Consent on or prior to the Further Extended Expiration Date on 31 January 2024.

¹ For identification purposes only.

THE DEADLINES SET BY ANY INTERMEDIARY OR CLEARING SYSTEM MAY BE EARLIER THAN THE DEADLINE MENTIONED ABOVE.

Except for the further extension of the Extended Expiration Date set forth above, all other terms and conditions of the Consent Solicitation as set out in the Consent Solicitation Statement shall remain unchanged, including but not limited to the implementation of a mandatory redemption obligation, under which on 31 January 2024, the Company shall redeem 4% of the aggregate principal amount of each series of the Notes outstanding on the Payment Date, respectively.

Holders who have validly delivered their Consents on or prior to the Extended Expiration Date as provided in the Supplemental Consent Solicitation Statement do not need to take any action and are eligible to receive the Consent Fee and the Incentive Fee. The Company would like to express its gratitude to the Holders for their timely support of the Consent Solicitation. All votes in favour of the Consents received shall remain valid and irrevocable.

Holders who did not vote in favour of or have not voted to support the Consents are urged to submit or re-submit their instructions in favour of the Consents on or prior to the Further Extended Expiration Date in accordance with the terms and conditions set forth in the Consent Solicitation Statement (including, where applicable, through the clearing systems in accordance with the procedures of, and prior to the deadline specified by, the relevant clearing systems) in order to be eligible for the Consent Fee and the Incentive Fee. Such holders should contact his/her/its custodian, broker, dealer, bank, trust company or other nominee or 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)) as soon as possible for assistance concerning the voting procedures relating to the Consent Solicitation. All votes in favour of the Consents validly delivered will be irrevocable.

All documents and materials related to the Consent Solicitation will be made available at the following website: www.dfkingltd.com/chinasouthcity.

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 and 11 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.

By Order of the Board
China South City Holdings Limited
LI Wenxiong and CHENG Chung Hing
Co-Chairmen

18 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.