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**China South City Holdings Limited  
(In Liquidation)**

**華南城控股有限公司**

**(清盤中)**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 1668)**

**VOLUNTARY ANNOUNCEMENT  
UPDATE ON PROPOSED TERMS OF HOLISTIC RESTRUCTURING  
AND  
CONTINUED SUSPENSION OF TRADING**

This announcement is made by China South City Holdings Limited (In Liquidation) (the “**Company**”) on a voluntary basis to provide stakeholders of the Company of the Company with an update on the progress of the holistic restructuring solution in respect of the Company’s offshore indebtedness (the “**Holistic Restructuring**”) and to disclose the proposed preliminary terms thereof for creditors’ consideration and feedback.

Reference is made to (i) the announcements of the Company dated 20 August 2025, 15 October 2025, 10 November 2025 and 18 December 2025 (the “**Announcements**”) in relation to the Liquidators’ efforts to explore the Holistic Restructuring; and (ii) the announcement of the Company dated 8 September 2025 in relation to the Resumption Guidance. Unless otherwise defined, capitalised terms used in this announcement shall have the meanings given to them in the Announcements.

**UPDATES ON HOLISTIC RESTRUCTURING**

Since the Company’s announcement on 18 December 2025, the Company has made progress in its dialogue with offshore creditors and other stakeholders. The purpose of these discussions has been to formulate a viable holistic solution (a) to address the Company’s inability to repay its offshore debts; (b) to establish a sustainable capital structure and stable operating environment to support the recovery of the Group’s business operation in the medium to longer term; and (c) to satisfy the requirements imposed by the Stock Exchange set out in the Resumption Guidance such that the trading of the Company’s shares can resume.

On the basis of that dialogue, the key terms on which the Company proposes to implement the Holistic Restructuring are as set out in the annex to this announcement (the “**Proposed Preliminary Terms**”).

The Proposed Preliminary Terms aim to provide a fair and equitable solution that maximises recovery for creditors of the Company, while preserving the Group’s ability to operate as a going concern. Specifically, the Proposed Preliminary Terms would (a) enable creditors to retain the benefit of any existing credit support for their restructured debt; (b) to the extent

creditors' debt is converted into equity, allow creditors to benefit from near-term liquidity and potential equity upside; and (c) through agreed cash sweep arrangements, enable offshore creditors to benefit from sale proceeds of specific projects of the Group onshore.

If the Holistic Restructuring is not implemented, in accordance with the Proposed Preliminary Terms or at all, there is a material risk that the Liquidators may need to consider taking other recovery actions with respect to the Group's assets on a break-up basis, which would likely cause instability to the Group's onshore operations and entail significant uncertainties in terms of timing and recoveries for offshore creditors of the Company.

## **KEY FEATURES OF THE PROPOSED PRELIMINARY TERMS**

Pursuant to the Proposed Preliminary Terms, the scope of the Holistic Restructuring would apply to debt issued by or guaranteed by the Company, other debts and liabilities of the Company, and claims against the Company for declared but unpaid dividends. Further details are set out below.

### *(i) US\$ denominated senior notes (the "Existing Notes")*

The Existing Notes issued by the Company would be amended and restated on the terms set out in the Proposed Preliminary Terms (as amended and/or restated, the "**Amended Notes**"). The principal amount of the Existing Notes would be reduced by 40% (the "**Reduced Principal Amount**"). The Reduced Principal Amount and accrued but unpaid interest on the Existing Notes up to 11 August 2025 (the "**Cut-off Date**") would be settled by the Company through the issuance of newly issued ordinary shares of the Company at a conversion price of HK\$0.75 and HK\$1.50 per share, respectively. Interest which accrued following the Cut-off Date would be discharged in full.

The Amended Notes would have a maturity date of eight years after the Restructuring Effective Date (as defined in the Proposed Preliminary Terms). Interest would accrue at a rate of 2% per annum, payable semi-annually in arrears, and interest for the first three years after the Restructuring Effective Date would be payable entirely in kind.

The Amended Notes would continue to be guaranteed and/or secured by existing guarantees and/or security (as applicable). Further, the Proposed Preliminary Terms are not intended to affect the continued application of the keepwell deeds entered into by (amongst other parties) the Company as issuer and Shenzhen SEZ Construction and Development Group Co., Ltd. as keepwell provider to the Amended Notes.

### *(ii) Other debts and liabilities of the Company*

Other offshore liabilities of the Company would be extinguished in full. In return, creditors would receive new notes issued by the Company (the "**Class B Notes**") in a principal amount corresponding to 50% (or such higher percentage elected by the relevant creditors in accordance with the terms of the definitive documents) of the principal amount of their extinguished liabilities. The balance of the principal amount of a creditor's extinguished liabilities and accrued but unpaid interest of up to the Cut-off Date would be settled by the Company through the issuance of newly issued ordinary shares of the Company at a conversion price of HK\$0.75 and HK\$1.50 per share, respectively. Interest accrued following the Cut-off Date would be discharged in full.

The Class B Notes would have a maturity date of eight years after the Restructuring Effective Date. Interest will accrue at a rate of 2% per annum, payable semi-annually in arrears, and interest for the first three years after the Restructuring Effective Date would be payable entirely in kind.

(iii) *Declared but unpaid dividends*

At the annual general meeting of the Company held on 22 September 2023, the shareholders of the Company passed an ordinary resolution to declare a final dividend for the year ended 31 March 2023 of HK\$0.02 per share. Under the Proposed Preliminary Terms, claims against the Company by persons entitled to receive such dividends would be settled by the Company through the issuance of newly issued ordinary shares of the Company at a conversion price of HK\$1.50 per share.

(iv) *Use of disposal proceeds for debt repayment*

Disposal proceeds arising from specific onshore projects of the Group would be paid into a designated bank account in Mainland China maintained by a member of the Group (the “**Designated Onshore Subsidiary**”). The Company would procure the Designated Onshore Subsidiary to use its best efforts to remit such proceeds to an account outside of Mainland China (the “**Designated Offshore Account**”) maintained by another member of the Group. When the balance of the Designated Offshore Account exceeded US\$50 million, such amounts would be applied towards repayment or repurchase of the Amended Notes and the Class B Notes on a *pro rata* basis.

## **IMPLEMENTATION OF THE HOLISTIC RESTRUCTURING**

The Company proposes to implement the Holistic Restructuring through a scheme of arrangement pursuant to Part 13 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the “**Scheme**”). To the extent that the Company and its advisers deem necessary or advisable, the Company may also utilise other parallel or similar processes or arrangements in other relevant jurisdictions for the purpose of implementing all or any part of the Holistic Restructuring.

If the Scheme is sanctioned by the Hong Kong court, the Liquidators intend to make an application to the Hong Kong court for a permanent stay of the winding-up order made against the Company on 11 August 2025. If the winding-up order is stayed permanently, the Company would cease to be in liquidation and could resume operations as a going concern.

## **BUSINESS AND OPERATION STABILISING MEASURES**

The Company proposes to implement a management incentive plan (“**MIP**”) to retain key management personnel critical to the continued operation of the Group and to incentivise those personnel to manage the Company in a manner which maximises the performance of the Group post-restructuring. Pursuant to the MIP, up to 10% of the ordinary shares of the Company (calculated on a fully diluted basis, having taken into account the proposed settlement of part of the principal and interest accrued on creditors’ claims through the issuance of new ordinary shares of the Company as described above) may be granted to the relevant recipients, subject to the satisfaction of certain conditions tied to the performance of the Company. The adoption of the plan would be subject to compliance with the Listing Rules and, to the extent applicable, other regulatory requirements and shareholders’ approval.

## **NEXT STEPS**

The purpose of this announcement is to provide relevant stakeholders of the Company with an update on the progress of the Holistic Restructuring and to disclose the Proposed Preliminary Terms for creditors’ consideration and feedback.

As a next step, the Liquidators intend to solicit feedback from the Company's creditors on the Proposed Preliminary Terms in order to refine and develop the restructuring proposal. Creditors who have comments on the Proposed Preliminary Terms, or who wish to engage in direct discussions with the Liquidators, are invited to contact the Liquidators at **ProjectCompassFTI@fticonsulting.com**.

As of the date of this announcement, the terms of the Holistic Restructuring (including the proposals regarding the Amended Notes, the Class B Notes and the MIP) remain subject to further negotiation among the Company, its creditors and stakeholders, and no definitive agreement has been entered into in respect of the Holistic Restructuring. The implementation of the Holistic Restructuring (including the issuance of the Amended Notes and the Class B Notes and the adoption of the MIP) are subject to regulatory approvals, the requisite approval of the Company's shareholders and/or compliance with the Listing Rules and other applicable laws, rules and regulations.

The Company will issue further announcements in respect of the Holistic Restructuring and other relevant matters as and when appropriate.

**Please note that there is no assurance that the Holistic Restructuring will be implemented in accordance with the Proposed Preliminary Terms, or at all. Shareholders, investors and potential investors of the Company should continue to exercise caution when dealing in the securities of the Company. In particular, shareholders, investors and potential investors are advised not to rely solely on the information in this announcement, and if in doubt, to seek professional advice from their own legal, financial or other adviser as they consider appropriate.**

### **CONTINUED SUSPENSION OF TRADING**

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 10:55 a.m. on Monday, 11 August 2025 and will remain suspended until further notice.

For and on behalf of  
**China South City Holdings Limited**  
**(In Liquidation)**  
**CHOW WAI SHING DANIEL**  
**PAN LU YANG**

*Joint and Several Liquidators*  
*Acting as agents without personal liabilities*

Hong Kong, 29 January 2026

*On the basis of the information available from the previous announcements made by the Company, 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 Mr. Wan Hongtao, Ms. Fang Ling, Ms. Xu Hongxia and Mr. Li Zhi; the Non-Executive Directors of the Company are 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 and Dr. Li Xu. All powers of the Co-Chairmen, Executive Directors and Non-Executive Directors ceased upon making of the winding-up order by the High Court of the Hong Kong Special Administrative Region to wind up the Company on 11 August 2025 (Hong Kong Time).*

**ANNEX**  
**PROPOSED PRELIMINARY TERMS**

## Subject to Contract

### PROJECT COMPASS PROPOSED PRELIMINARY TERMS

*This indicative term sheet (the "**Term Sheet**") is being provided for the purpose of outlining the key commercial terms and conditions of the proposed restructuring ("**Proposed Restructuring**") of the In-Scope Debt (as defined below) by China South City Holdings Limited (In Liquidation) 華南城控股有限公司 (清盤中) (the "**Company**"). The Proposed Restructuring is expected to be implemented in accordance with the terms of this Term Sheet and such other terms to be agreed with Scheme Creditors (as defined below) through a scheme of arrangement in Hong Kong and/or such other equivalent process in any jurisdiction in which it may be necessary to effect such a process in order to implement the terms of this Term Sheet.*

*This Term Sheet is only a summary and does not purport to be a comprehensive or exhaustive statement of the requirements of the parties involved or information relating to the Proposed Restructuring. For the avoidance of doubt, nothing in this Term Sheet shall amend any term of any existing indebtedness or constitute a waiver of any right of any part. Should the discussions between the parties result in a decision to proceed with a transaction, the parties shall do so only pursuant to the terms of definitive agreements to be negotiated, executed and delivered in form and substance satisfactory to each party.*

*This Term Sheet does not constitute an offer to sell or a solicitation of an offer to buy any securities in the United States or any other jurisdiction. No securities may be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the Company and its management, as well as financial statements. No public offer of securities is to be made by the Company in the United States.*

<b>PART A - GENERAL</b>	
<b>Company</b>	China South City Holdings Limited (In Liquidation) 華南城控股有限公司 (清盤中).
<b>Liquidators</b>	Pan Lu Yang and Chow Wai Shing Daniel as the joint and several liquidators of the Company, appointed by the Hong Kong court on 11 August 2025.
<b>Group</b>	The Company and its subsidiaries, and " <b>Group Company</b> " means any of them.
<b>Implementation Method</b>	The Proposed Restructuring is expected to be implemented through a scheme of arrangement in Hong Kong (the " <b>Scheme</b> ") and/or such other equivalent process in any jurisdiction in which it may be necessary to effect such a process in order to implement the terms of this Term Sheet.
<b>In-Scope Debt</b>	" <b>In-Scope Debt</b> " means:

	<p>(a) any indebtedness of the Company under the debt instruments set out in Part 1 of Annex I to this Term Sheet (the "<b>Existing Notes</b>");</p> <p>(b) all other indebtedness of the Company, including any indebtedness of the Company under any instrument listed in Part 2 of Annex I to this Term Sheet (the "<b>Other Offshore Debt</b>"); and</p> <p>(c) any indebtedness of the Company in respect of dividends previously declared but unpaid by the Company, the details of which are set out in Part 3 of Annex I to this Term Sheet (the "<b>Unpaid Dividend Claims</b>"),</p> <p>in each case, other than the Excluded Claims.</p>
<b>Excluded Claims</b>	<p>"<b>Excluded Claims</b>" means:</p> <p>(a) the Secured Portion of Other Offshore Debt;</p> <p>(b) any claims or indebtedness arising out of a guarantee or credit support of similar nature given by the Company for any obligation of a Group Company incorporated under the laws of the People's Republic of China (the "<b>Onshore Guarantee Claims</b>") (the "<b>PRC</b>");</p> <p>(c) any preferential claim held by an employee of the Company; and</p> <p>(d) any claims held against the Company by any other member of the Group.</p> <p>"<b>Excluded Collateral</b>" means any security, collateral, guarantee, indemnity or other form of assurance granted by any Group Company for the purpose of securing and/or guaranteeing the Other Offshore Debt.</p> <p>The "<b>Secured Portion</b>" means, with respect to a Scheme Creditor's claim against the Company, the portion of the claim corresponding to the estimated value of its Excluded Collateral, as agreed between the Company and the relevant Scheme Creditor.</p>
<b>Scheme Creditors</b>	<p>The persons holding (or in the case of the Existing Notes, holding beneficial interests in) the In-Scope Debt as at the Scheme Record Time.</p> <p>"<b>Scheme Record Time</b>" means the time designated by the Company for the determination of the claims of the Scheme Creditors for the purposes of voting at the Scheme meeting.</p>
<b>PART B – RESTRUCTURING OF THE IN-SCOPE DEBT</b>	
<b>Restructuring Effective Date</b>	<p>The day on which all Conditions Precedent have been satisfied or waived (as the case may be).</p> <p>The target Restructuring Effective Date is 30 November 2026.</p>

<p><b>Conditions Precedent</b></p>	<p>The following conditions must be satisfied or waived prior to or on the Restructuring Effective Date:</p> <ul style="list-style-type: none"> <li>(a) the execution and delivery of all transaction documents required to implement the Proposed Restructuring (the "<b>Restructuring Documents</b>"), including the amendment documentation in respect of the Existing Notes, the issuance documentation in respect of the Class B Notes and deeds of release as necessary and/or appropriate;</li> <li>(b) the delivery by the relevant members of the Group of the relevant corporate authorisations in respect of the Proposed Restructuring and their entry into Restructuring Documents to which they are a party;</li> <li>(c) the relevant court sanction order(s) in respect of the Scheme and the Scheme becoming effective in accordance with its terms, and the lodgement of such court order with the Hong Kong companies registry;</li> <li>(d) the Hong Kong court ordering a permanent stay of the winding-up order against the Company and the discharge of the Liquidators;</li> <li>(e) the obtaining of all applicable and relevant governmental, regulatory and/ or shareholder approvals or other consents as are necessary to implement the Proposed Restructuring, including: <ul style="list-style-type: none"> <li>(i) all necessary approvals from the Shareholders as required for the issuance of the ordinary shares of the Company ("<b>Shares</b>") in connection with the Proposed Restructuring (the "<b>New Company Shares</b>") and the adoption and implementation of the Management Incentive Plan; and</li> <li>(ii) the listing committee of the Stock Exchange granting the approval for the listing of, and permission to deal in the New Company Shares;</li> </ul> </li> <li>(f) the resumption of trading of the Shares on the Stock Exchange;</li> <li>(g) the Class B Notes becoming eligible for clearance and settlement through the facilities of Euroclear and Clearstream;</li> <li>(h) the Singapore Exchange Securities Trading Limited (the "<b>SGX-ST</b>") having granted in-principle approval for listing of the Class B Notes on the SGX-ST, subject only to the issue of the Class B Notes;</li> <li>(i) the settlement in full of all the costs, charges and expenses incurred in the winding up of the Company (including the remuneration and disbursements of the Liquidators, their legal advisors and agents);</li> </ul>
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	<p>(j) evidence satisfactory to the Liquidators that no default has occurred under the primary obligations giving rise to Onshore Guarantee Claims, or any existing default has been duly waived by the relevant creditor(s);</p> <p>(k) an order being obtained for the recognition of the Scheme as a "foreign main proceeding" or "foreign non-main proceeding" under Chapter 15 of Title 11 of the United States Code; and</p> <p>(l) other conditions precedent for transactions of a similar nature.</p> <p><b>"Stock Exchange"</b> means The Stock Exchange of Hong Kong Limited.</p>
<b>Scheme Creditor Claim</b>	<p>In respect of each Scheme Creditor, the sum of:</p> <p>(a) the outstanding principal amount of the In-Scope Debt held by that Scheme Creditor at the Scheme Record Time (the <b>"Principal Amount"</b>); and</p> <p>(b) all accrued and unpaid interest on such In-Scope Debt up to and including 11 August 2025 (the <b>"Accrued Interest"</b>),</p> <p>(together in aggregate, the <b>"Scheme Creditors' Claims"</b>).</p>
<b>Class composition</b>	<p>The Scheme will comprise of three classes of Scheme Creditors, being:</p> <ul style="list-style-type: none"> <li>• <b>Class A:</b> holders of an ultimate beneficial interest in the Existing Notes;</li> <li>• <b>Class B:</b> holders of Other Offshore Debt; and</li> <li>• <b>Class C:</b> holders of Unpaid Dividend Claims.</li> </ul>
<b>Restructuring Consideration</b>	<p><b>Class A:</b> Existing Notes to be amended and/or restated on the terms set out in Part C of this Term Sheet (as amended, the <b>"Amended Notes"</b>); 40% of the Principal Amount shall be converted to New Company Shares at a conversion price of HK\$0.75 (<b>"Equitised Principal Amount"</b>); Accrued Interest to be converted to New Company Shares at a conversion price of HK\$1.50.</p> <p><b>Class B:</b> With respect to each Scheme Creditor Claim, 50% (or such higher percentage elected by such Scheme Creditor in accordance with the terms of the definitive Scheme documents) of the Principal Amount to be converted to New Company Shares at a conversion price of HK\$0.75, with the remaining portion of the Principal Amount being exchanged for Class B Notes on a dollar for dollar basis; Accrued Interest to be converted to New Company Shares at a conversion price of HK\$1.50.</p> <p><b>Class C:</b> All Scheme Creditors' Claims to be converted into New Company Shares at a conversion price of HK\$1.50 per Share.</p>
<b>Treatment of In-Scope Debt</b>	<p>On the Restructuring Effective Date:</p> <p>(a) other than the Existing Notes, all In-Scope Debt will be exchanged in full for the relevant Restructuring Consideration and following</p>

	<p>such exchange, all such In-Scope Debt shall be cancelled and extinguished;</p> <p>(b) the Existing Notes shall be amended and/or restated on the terms set out in Part C of this Term Sheet, with the Equitised Principal Amount and Accrued Interest being exchanged in full for the relevant Restructuring Consideration;</p> <p>(c) for the avoidance of doubt, the Excluded Claims will not be affected; and</p> <p>(d) to the extent a Scheme Creditor holds a Secured Portion, the Secured Portion will remain outstanding in full, but recourse shall be limited to the agreed value of the Excluded Collateral.</p> <p>On and from the Restructuring Effective Date, the Scheme Creditors will release the Company, its subsidiaries, the Liquidators, the firms by which the Liquidators are employed or of which they are members, and those firms' members, directors, officers, employees, consultants and advisers and/or agents arising out of, under or in connection with the relevant In-Scope Debt and the Proposed Restructuring.</p>
<b>PART C – AMENDMENTS TO EXISTING NOTES</b>	
<b>Issuer</b>	China South City Holdings Limited.
<b>Amended Principal Amount</b>	<p>60% of the Principal Amount of the Existing Notes.</p> <p>The Equitised Principal Amount shall be converted to New Company Shares at a conversion price of HK\$0.75.</p>
<b>Amended Maturity Date</b>	With respect to each series of Amended Notes, 8 years from the Restructuring Effective Date.
<b>Amended Interest</b>	<p><b>Interest Rate:</b> 2.0% per annum</p> <p><b>Interest Periods:</b> 6 months</p> <p>Interest on each series of Amended Notes shall be deemed to accrue from the Restructuring Effective Date up to (but excluding) the Amended Maturity Date.</p> <p><b>Interest payment date:</b> Interest to be payable in kind for the first 6 Interest Periods (the "<b>Accrued PIK Interest (Notes)</b>"), and subsequently in cash at the end of each subsequent Interest Period.</p> <p>On the last day of the 7<sup>th</sup> Interest Period, the Issuer shall redeem an amount of each series of Amended Notes equal to the Accrued PIK Interest (Notes), together with accrued interest on such Accrued PIK Interest (Notes).</p>
<b>Security / Guarantee</b>	Same as the Existing Notes.

<b>Keepwell Deeds</b>	<p>The Proposed Restructuring is not intended to affect the following Keepwell Deeds and their continued application with respect to the relevant series of the Amended Notes following the occurrence of the Restructuring Effective Date.</p> <p><b>"Keepwell Deeds"</b> means:</p> <ul style="list-style-type: none"> <li>(a) the keepwell deed dated 9 August 2022 entered into by, among others, the Company, Shenzhen SEZ Construction and Development Group Co., Ltd. (深圳市特區建設發展集團有限公司) ("<b>SZCDG</b>") and Citicorp International Limited ("<b>Trustee</b>") as trustee in relation to the April 2024 Notes (as defined in Annex I); and</li> <li>(b) the keepwell deed dated 9 August 2022 entered into by, among others, the Company, SZCDG and the Trustee in relation to the June 2024 Notes (as defined in Annex I);</li> <li>(c) the keepwell deed dated 9 August 2022 entered into by, among others, the Company, SZCDG and the Trustee in relation to the October 2024 Notes (as defined in Annex I);</li> <li>(d) the keepwell deed dated 9 August 2022 entered into by, among others, the Company, SZCDG and the Trustee in relation to the December 2024 Notes (as defined in Annex I); and</li> <li>(e) the keepwell deed dated 9 August 2022 entered into by, among others, the Company, SZCDG and the Trustee as trustee in relation to the August 2027 Notes (as defined in Annex I).</li> </ul>
<b>Waiver of prior defaults</b>	<p>On the Restructuring Effective Date, any and all events of default, defaults or breaches which may have occurred under the Existing Notes on or prior to the Restructuring Effective Date shall be deemed to have been irrevocably waived.</p>
<b>Governing law</b>	<p>State of New York</p>
<b>Jurisdiction</b>	<p>Non-exclusive jurisdiction of the New York courts</p>
<b>PART D – CLASS B NOTES</b>	
<b>Issuer</b>	<p>China South City Holdings Limited.</p>
<b>Principal Amount</b>	<p>50% (or such higher percentage elected by the relevant Scheme Creditors in accordance with the terms of the definitive Scheme documents) of the Principal Amount of the Other Offshore Debt.</p> <p>The remaining Principal Amount of the Other Offshore Debt shall be converted to New Company Shares at a conversion price of HK\$0.75.</p>
<b>Issuance Date</b>	<p>Restructuring Effective Date.</p>
<b>Maturity Date</b>	<p>The day falling 8 years from the Restructuring Effective Date.</p>

<b>Interest</b>	<p><b>Interest Rate:</b> 2.0% per annum</p> <p><b>Interest Periods:</b> 6 months</p> <p>Interest on the Class B Notes shall accrue from the Issuance Date up to (but excluding) the Maturity Date.</p> <p><b>Interest payment date:</b> Interest to be payable in kind for the first 6 Interest Periods (the "<b>Accrued PIK Interest (Class B Notes)</b>"), and subsequently in cash at the end of each interest period.</p> <p>On the last day of the 7<sup>th</sup> Interest Period, the Issuer shall redeem an amount of the Class B Notes equal to the Accrued PIK Interest (Class B Notes).</p>
<b>Security / Guarantee</b>	Nil
<b>Governing law</b>	State of New York
<b>Jurisdiction</b>	Non-exclusive jurisdiction of the New York courts
<b>PART E – OTHER TERMS</b>	
<b>Consent fees</b>	<p>The Company shall pay to each Participating Creditor a consent fee of an amount equivalent to 2.5% of the Principal Amount held by the relevant Participating Creditor, payable in New Company Shares on the basis of HK\$0.75 per New Company Share.</p> <p><b>"Participating Creditor"</b> means a Scheme Creditor that has validly acceded to a restructuring support agreement or similar agreement in respect of its In-Scope Debt, on or before a consent fee deadline to be prescribed by the Liquidators.</p>
<b>No personal liability</b>	<p>Each Scheme Creditor acknowledges and confirms that neither of the Liquidators nor any advisers and/or agents of the Liquidators, the firms by which the Liquidators are employed or of which they are members, and those firms' members, directors, officers, employees, consultants and advisers and/or agents shall incur any personal liability, whether in contract or tort under or in connection with the negotiation or implementation of the Proposed Restructuring, or under any document entered into or assurance made pursuant to the Proposed Restructuring.</p>
<b>Management Incentive Plan</b>	<p>The Company may propose a management incentive plan, pursuant to which an aggregate amount of New Company Shares of up to 10% of all Shares immediately following the occurrence of the Restructuring Effective Date (calculated on a fully diluted basis, including on the basis that all Accrued Interest, the Equitised Principal Amount in respect of the Existing Notes, and 50% (or such higher percentage elected by the relevant Scheme Creditors in accordance with the terms of the definitive Scheme documents) of the Principal Amount in respect of the Class B Scheme Creditor Claims, have been converted into New Company Shares) (the "<b>MIP Shares</b>") shall be allocated to the following persons:</p> <p>(a) SZCDG: 4%</p>

	<p>(b) Accurate Gain Developments Limited: 3%</p> <p>(c) critical management, employees and/or personnel of the Group (to be determined at the Liquidators' discretion): 3%</p> <p>((a) to (c) above, the "<b>MIP Recipients</b>"), and subject to the fulfilment of the following performance conditions and vesting terms set out below:</p> <table border="1" data-bbox="480 477 1374 1263"> <thead> <tr> <th data-bbox="480 477 930 584">Performance conditions</th> <th data-bbox="930 477 1374 584">Percentage of MIP Shares to be vested in the MIP Recipients</th> </tr> </thead> <tbody> <tr> <td data-bbox="480 584 930 692">The Company resumes trading of its Shares on the Stock Exchange</td> <td data-bbox="930 584 1374 692">30%</td> </tr> <tr> <td data-bbox="480 692 930 882">The average trading price of the Shares on the Stock Exchange over a period of 10 consecutive days reaches HK\$0.214</td> <td data-bbox="930 692 1374 882">30%</td> </tr> <tr> <td data-bbox="480 882 930 1072">The average trading price of the Shares on the Stock Exchange over a period of 10 consecutive days reaches HK\$0.428</td> <td data-bbox="930 882 1374 1072">30%</td> </tr> <tr> <td data-bbox="480 1072 930 1263">The average trading price of the Shares on the Stock Exchange over a period of 10 consecutive days reaches HK\$0.75</td> <td data-bbox="930 1072 1374 1263">10%</td> </tr> </tbody> </table>	Performance conditions	Percentage of MIP Shares to be vested in the MIP Recipients	The Company resumes trading of its Shares on the Stock Exchange	30%	The average trading price of the Shares on the Stock Exchange over a period of 10 consecutive days reaches HK\$0.214	30%	The average trading price of the Shares on the Stock Exchange over a period of 10 consecutive days reaches HK\$0.428	30%	The average trading price of the Shares on the Stock Exchange over a period of 10 consecutive days reaches HK\$0.75	10%
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The average trading price of the Shares on the Stock Exchange over a period of 10 consecutive days reaches HK\$0.428	30%										
The average trading price of the Shares on the Stock Exchange over a period of 10 consecutive days reaches HK\$0.75	10%										
<p><b>Establishment of Designated Onshore Account and Designated Offshore Account</b></p>	<p>The Company shall procure that, within 90 days from the Restructuring Effective Date, the Designated Onshore Subsidiary and Designated Offshore Subsidiary shall establish or designate the Designated Onshore Account and the Designated Offshore Account respectively.</p> <p><b>"Designated Onshore Account"</b> means an onshore bank account in the name of the Designated Onshore Subsidiary, into which the Net Cash Proceeds (as defined below) shall be deposited.</p> <p><b>"Designated Onshore Subsidiary"</b> means the member of the Group incorporated in the PRC, as agreed between the Company and the Liquidators prior to the Restructuring Effective Date.</p> <p><b>"Designated Offshore Account"</b> means an offshore bank account in the name of the Designated Offshore Subsidiary, to receive all monies standing to the credit of the Designated Onshore Account.</p> <p><b>"Designated Offshore Subsidiary"</b> means the member of the Group incorporated in a jurisdiction other than the PRC, as agreed between the Company and the Liquidators prior to the Restructuring Effective Date.</p>										
<p><b>Sale of Specified</b></p>	<p>The Company shall, and shall procure the relevant member of the Group to, take all steps and actions necessary to dispose of any and all Specified</p>										

<p><b>Projects</b></p>	<p>Projects, as soon as reasonably practicable.</p> <p><b>"Specified Projects"</b> mean the specific projects of the Group listed in <b>Annex II</b>.</p>
<p><b>Limitations on use of proceeds from disposal of Specified Projects and payment into Designated Onshore Account</b></p>	<p>Upon the disposal of any Specified Project, the Company shall (or shall procure the relevant member of the Group to), within 90 Business Days of receipt, pay the Net Cash Proceeds into the Designated Onshore Account.</p> <p>Save for remittance to the Designated Offshore Account in accordance with the section below titled "<i>Cash Sweep – Redemption and repayment of the Amended Notes and Class B Notes</i>", the monies standing to the credit of the Designated Onshore Account shall not be used or transferred out of the Designated Onshore Account for any other purpose.</p> <p><b>"Business Days"</b> means a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong and the PRC.</p> <p><b>"Net Cash Proceeds"</b> means all proceeds from the sale of Specified Projects, net of the following (but without double counting and/or duplication of deduction):</p> <ul style="list-style-type: none"> <li>(a) actual brokerage commissions, land and construction related cost, project design and development cost, operational cost and other necessary fees and expenses (including fees and expenses of professional parties) related directly to such Specified Project(s);</li> <li>(b) provisions, made reasonably and in good faith, for all taxes which are paid or payable as a result of such Specified Project(s);</li> <li>(c) any amount required or requested by PRC government bodies and/or under such applicable PRC law, rules, regulations, policies or measures to be deposited in a designated account or used for other purposes, which is not freely transferrable or disposable by the relevant member of the Group; and</li> <li>(d) indebtedness or any other liability or obligation outstanding (other than any to any of the Company's affiliates or any related parties) secured by that Specified Project(s).</li> </ul>
<p><b>Cash Sweep – Redemption and repayment of the Amended Notes and Class B Notes</b></p>	<p>The Company shall procure that:</p> <ul style="list-style-type: none"> <li>(a) the Designated Onshore Subsidiary use best efforts to remit all monies standing to the credit of the Designated Onshore Account to the Designated Offshore Account as soon as is reasonably practicable upon the deposit of such monies into the Designated Onshore Account; and</li> <li>(b) where monies standing to the credit of the Designated Offshore Account exceed US\$50 million, the Designated Offshore Subsidiary shall apply all monies standing to the credit of the Designated</li> </ul>

	Offshore Account towards repayment or purchase of the Amended Notes and the Class B Notes on a <i>pro rata</i> basis.
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## ANNEX I In-Scope Debt

### Part 1 – Existing Notes

1. The 9% senior notes due April 2024 (ISIN: XS2085883119, Common Code: 208588311) issued by the Company (the "**April 2024 Notes**").
2. The 9% senior notes due June 2024 (ISIN: XS2120092882, Common Code: 212009288) issued by the Company (the "**June 2024 Notes**").
3. The 9% senior notes due October 2024 (ISIN: XS2238030162, Common Code: 223803016) issued by the Company (the "**October 2024 Notes**").
4. The 9% senior notes due December 2024 (ISIN: XS2227909640, Common Code: 222790964) issued by the Company (the "**December 2024 Notes**").
5. The 4.5% secured senior notes due August 2027 (ISIN: XS1720216388, Common Code: 172021638) issued by the Company (the "**August 2027 Notes**").

### Part 2 – Other Offshore Debt

*[Redacted. The final list of indebtedness to be included as Other Offshore Debt is subject to the Liquidators' ongoing review of potential claims and discussion with relevant creditors.]*

### Part 3 – Unpaid Dividend Claims

1. An aggregate outstanding amount of approximately HK\$228.9 million dividends declared by the Company's board of directors and approved by the Company's shareholders at an annual general meeting of the Company held on 22 September 2023.

**ANNEX II**  
**List of Specified Projects**  
*[To be included]*