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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)

**RE-DESIGNATION OF DIRECTOR;
APPOINTMENT OF VICE CHAIRMAN;
APPOINTMENT OF EXECUTIVE DIRECTORS; AND
CHANGE OF CHIEF EXECUTIVE OFFICER**

The Board of the Company hereby announces that the following changes have taken place with effect from 4 May 2017 :

- (1) Mr. Leung Moon Lam has been re-designated as a Non-Executive Director of the Company and ceased to be an Executive Director of the Company;
- (2) Mr. Fung Sing Hong Stephen has been appointed as the Vice Chairman of the Group and will remain as an Executive Director of the Company. He ceased to act as the Chief Executive Officer of the Group;
- (3) Mr. Song Chuan has been appointed as an Executive Director of the Company and the Chief Executive Officer of the Group; and
- (4) Ms. Cheng Ka Man Carman has been appointed as an Executive Director of the Company.

The board of directors (the “**Board**”) of China South City Holdings Limited (the “**Company**”) together with its subsidiaries, collectively the “**Group**”) hereby announces that the following changes have taken place with effect from 4 May 2017:

- (1) Mr. Leung Moon Lam (“**Mr. Leung**”) has been re-designated as a Non-Executive Director of the Company and ceased to be an Executive Director of the Company;
- (2) Mr. Fung Sing Hong Stephen (“**Mr. Fung**”) has been appointed as the Vice Chairman of the Group and will remain as an Executive Director of the Company. He ceased to act as the

Chief Executive Officer of the Group;

- (3) Mr. Song Chuan (“**Mr. Song**”) has been appointed as an Executive Director of the Company and the Chief Executive Officer of the Group; and
- (4) Ms. Cheng Ka Man Carman (“**Ms. Cheng**”) has been appointed as an Executive Director of the Company.

With the arrangement mentioned above, Mr. Leung will be primarily responsible for advising on the formulation of the Group’s general business models and development strategies as well as resolution of major issues. Mr. Fung will be responsible for assisting the Chairman of the Group in formulating the overall development planning and strategies of the Group and will be responsible for formulating capital market financing, merger and acquisition strategies, as well as strategic co-operations in e-commerce, logistics and commercial operations, including extending the co-operations with Tencent. Mr. Song will be primarily responsible for the overall operations and management of the Group. Ms. Cheng will be primarily responsible for the administration and operations of the Group.

Mr. LEUNG Moon Lam, aged 61, was a co-founder of our Group and has been a Director of the Company since June 2002. Mr. Leung was also the Chief Executive Officer of the Group from November 2009 to 1 January 2016. Following the re-designation as a Non-Executive Director of the Company as mentioned above, Mr. Leung will be primarily responsible for advising on the formulation of the Group’s general business models and development strategies as well as resolution of major issues. He has more than 34 years of management experience in the garment manufacturing, wholesale and distribution businesses. Mr. Leung received the Chinese Outstanding Entrepreneur Award 2008 from the China Enterprise Confederation and the China Enterprise Directors Association. Mr. Leung was a member of the 2nd, 3rd and the 4th Shenzhen Committee of the Chinese People’s Political Consultative Conference and a member of the 10th Liaoning Committee of the Chinese People’s Political Consultative Conference. He was also the chairman of the 7th Shenzhen Textile Industry Association Committee. Mr. Leung was appointed as a member of the National Committee of the Chinese People’s Political Consultative Conference in February 2013. Mr. Leung is also presently a member of the Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland, the vice chairman of the Jiangxi Chinese Overseas Friendship Association, and honorary chairman of the Shenzhen Longgang Charity Association, the honorary professor of Business of Hang Seng School of Commerce and the president of the Federation of Hong Kong Shenzhen Associations. Mr. Leung is the chairman of Wetter (China) Limited and Kings Faith International Limited.

Save as disclosed above, Mr. Leung has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the date of this announcement and does not hold any position with the Company or any of its subsidiaries. As far as the Board is aware, saves as disclosed above, Mr. Leung does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company.

As at the date of this announcement, Mr. Leung is interested in 213,899,770 shares of the Company through a controlled corporation, representing approximately 2.67% of the total number of issued share of the Company, and he is also deemed interested in 2,000,000 shares of the Company held by his spouse. In addition, Mr. Leung has 69,300,000 underlying shares in respect of the share options granted by the Company under the share option scheme of the Company. Save as disclosed above, Mr. Leung does not have any interest in nor is deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

With the re-designation as a Non-Executive Director of the Company as mentioned above, Mr. Leung will enter into a service contract with the Company and his remuneration as Non-Executive Director of the Company has been adjusted to HK\$680,000 per annum.

Mr. FUNG Sing Hong Stephen, aged 52, joined the Group in July 2006 as the Group's Chief Financial Officer and has been an Executive Director of the Company since August 2014. Mr. Fung had been the Chief Executive Officer of the Group since 1 January 2016 until he was appointed as the Vice Chairman of the Group on 4 May 2017. He ceased to act as Group's Chief Financial Officer with effect from 19 May 2016. Upon the arrangement mentioned above, Mr. Fung will be responsible for assisting the Chairman of the Group in formulating the overall development planning and strategies of the Group and will be responsible for formulating capital market financing, merger and acquisition strategies, as well as strategic co-operations in e-commerce, logistics and commercial operations, including extending the co-operations with Tencent. Mr. Fung is also a director of certain subsidiaries of the Company. Mr. Fung graduated from the University of Wales, United Kingdom with a master degree in business administration. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants and the Chartered Global Management Accountants, and is also the vice president of Hong Kong Business Accountants Association and a fellow member of the Hong Kong Institute of Directors. Mr. Fung has more than 24 years of experience in financial management, mergers and acquisitions, capital markets financing and corporate restructuring. Prior to joining our Group, Mr. Fung was an executive director and the chief financial officer of Guangdong Investment Limited ("GDI"). Before joining GDI, Mr. Fung served as an executive director and the chief financial officer of Guangdong Land Holdings Limited (formerly known as Kingway Brewery Holdings Limited) ("GDL"). Both GDI and GDL are companies listed on the Main Board of the Hong Kong Stock Exchange (stock codes: 270 and 124, respectively). Mr. Fung was also a key member of the Guangdong Enterprises (Holdings) Limited ("GDE") restructuring team and has been extensively involved in the US\$5.3 billion debt restructuring of GDE.

Save as disclosed above, Mr. Fung has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the date of this announcement and does not hold any position with the Company or any

of its subsidiaries. As far as the Board is aware, saves as disclosed above, Mr. Fung does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder (as defined in the Listing Rules) of the Company.

As at the date of this announcement, Mr. Fung is beneficially interested in 9,200,000 shares of the Company, representing approximately 0.11% of the total number of issued share of the Company. In addition, Mr. Fung has 155,990,000 underlying shares in respect of the share options granted by the Company under the share option scheme of the Company. Save as disclosed above, Mr. Fung does not have any interest in nor is deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Upon the arrangement mentioned above, Mr. Fung is entitled to a total remuneration of HK\$6,800,000 per annum and a performance based bonus of an amount of 0.75% of the audited net profit attributable to owners of the parent excluding fair value gains on investment properties and related tax effects and fair value gain on derivative financial instrument. The Board will consider granting him 80,000,000 underlying shares in respect of the share options to be granted in accordance with the provisions of the relevant share option scheme of the Company.

Mr. SONG Chuan, aged 52, graduated from the PRC National University of Defense Technology, Department of Electronic Science and Technology, with a master degree in Communication and Electronic Systems. Mr. Song has extensive experience in property development, urban operations, large-scaled enterprises operations and executive management as well as business management. Prior to joining the Group, Mr. Song was the Chairman of CITIC Urban Development & Operation Co. Limited and the Chief Executive Officer of CITIC Real Estate Co. Limited.

Save as disclosed above, Mr. Song has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the date of this announcement and does not hold any position with the Company or any of its subsidiaries. As far as the Board is aware, saves as disclosed above, Mr. Song does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder (as defined in the Listing Rules) of the Company.

As at the date of this announcement, Mr. Song does not have any interest in nor is deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Song will enter into a service contract with the Company in respect of his appointment as an Executive Director of the Company and the Chief Executive Officer of the Group, and he is entitled to a total remuneration of HK\$10,000,000 per annum and a performance based bonus of an amount of 0.50% of the audited net profit attributable to owners of the parent excluding fair value

gains on investment properties and related tax effects and fair value gain on derivative financial instrument. The Board will consider granting him 40,000,000 underlying shares in respect of the share options to be granted in accordance with the provisions of the relevant share option scheme of the Company.

Ms. CHENG Ka Man Carman, aged 28, graduated from the University of London with a bachelor degree in Science (Finance and Business Economics). She also obtained a Master of Science in Management from the Imperial College London and a Master of Philosophy (Real Estate Finance) from the University of Cambridge. Prior to joining the Group, Ms. Cheng was an executive director of Man Sang International Limited, a company listed on the Main Board of Hong Kong Stock Exchange Company Limited (stock code: 938). She had also worked in a leading investment firm in Asia. Ms. Cheng is the daughter of Mr. Cheng Chung Hing and the niece of Mr. Cheng Tai Po, a Non-Executive Director of the Company.

Ms. Cheng will enter into a service contract with the Company in respect of her appointment as an Executive Director of the Company, and she is entitled to a total remuneration of HK\$1,500,000 per annum and discretionary bonus.

Save as disclosed above, Ms. Cheng has not held any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years preceding the date of this announcement and does not hold any position with the Company or any of its subsidiaries. As far as the Board is aware, saves as disclosed above, Ms. Cheng does not have any relationship with any director, senior management, substantial shareholder or controlling shareholder (as defined in the Listing Rules) of the Company.

As at the date of this announcement, Ms. Cheng does not have any interest in nor is deemed to be interested in any shares or underlying shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

The remunerations of the Directors mentioned above were determined by the Board based on the recommendation of the Remuneration Committee of the Company with reference to their experiences, duties, responsibilities and the prevailing market conditions.

Save as disclosed above, there is no matter in relation to Mr. Leung's re-designation as a Non-Executive Director of the Company, Mr. Fung's appointment as the Vice Chairman of the Group and cessation as the Chief Executive Officer of the Group, Mr. Song's appointment as an Executive Director of the Company and as the Chief Executive Officer of the Group and Ms. Cheng's appointment as an Executive Director that needs to be brought to the attention of the shareholders of the Company, nor is there any other information that needs to be disclosed pursuant to the requirement of Rule 13.51(2) of the Listing Rules.

The Board would like to express its deepest gratitude for Mr. Leung's valuable contribution to the Group during his tenure of office as an Executive Director of the Company; Mr. Fung's valuable contribution to the Group during his tenure of office as the Chief Executive Officer of the Group, and also to express its warmest welcome to Mr. Fung on his new appointment as the Vice Chairman of the Group; Mr. Song on his appointment as an Executive Director of the Company and the Chief Executive Officer of the Group; and Ms. Cheng on her appointment as an Executive Director of the Company.

By order of the Board
China South City Holdings Limited
CHENG Chung Hing
Co-chairman and Executive Director

Hong Kong, 4 May 2017

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Chung Hing, Mr. Fung Sing Hong Stephen, Mr. Song Chuan and Ms. Cheng Ka Man Carman; the non-executive directors of the Company are Dr. Ma Kai Cheung, SBS, BBS, Mr. Sun Kai Lit Cliff, BBS, JP, Dr. Ma Wai Mo, Mr. Cheng Tai Po, Mr. Leung Moon Lam and Mr. Lin Ching Hua; and the independent non-executive directors of the Company are Mr. Leung Kwan Yuen Andrew, GBS, SBS, JP, Mr. Li Wai Keung, Mr. Hui Chiu Chung Stephen, JP and Mr. Yung Wing Ki Samuel, SBS, MH, JP.