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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)

VOLUNTARY ANNOUNCEMENT
MR. CHENG CHUNG HING ENTERED INTO
STRATEGIC FINANCING ARRANGEMENT WITH PAG

The Board wishes to announce that it has been informed by Mr. Cheng Chung Hing (“**Mr. Cheng**”), Chairman and Executive Director of China South City Holdings Limited (the “**Company**”) that on 25 October 2017, Mr. Cheng (through his wholly-owned subsidiary Accurate Gain Developments Limited (“**Accurate Gain**”)) entered into a strategic financing arrangement with PA Eminent Opportunity VII Limited, an entity wholly owned by Pacific Alliance Asia Opportunity Fund L.P., together with its affiliates (each member individually or together with its affiliates, the “**PAG**”), pursuant to which such member of PAG agreed to provide financing to Mr. Cheng.

During the term of the strategic financing arrangement, PAG shall have the option to acquire shares of the Company from Accurate Gain at HK\$5 per share for a maximum number of shares of 280,000,000 shares (representing not more than 3.5% of the total issued share capital of the Company). PAG shall mandatorily acquire all 280,000,000 shares of the Company from Accurate Gain at HK\$5 per share when the share price of the Company is at or above HK\$6 per share.

In accordance with the strategic financing arrangement, Mr. Cheng will still continue to be interested in 27.87% of voting right of the total issued share capital of the Company as at the date of this announcement and will remain as the single largest shareholder and a substantial shareholder of the Company. Reference is made to the Revised Alliance Agreement dated 24 October 2017, Mr. Cheng and Mr. Cheng Tai Po, together with their respective associates, was interested in approximately 35.29% of voting rights of the total issued share capital of the Company.

For and on behalf of the Board
China South City Holdings Limited
FUNG SING HONG STEPHEN
Vice Chairman and Executive Director

Hong Kong, 25 October 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. Cheng Tai Po 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, JP and Mr. Yung Wing Ki Samuel, SBS, MH, JP.