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## **VOLUNTARY ANNOUNCEMENT SIGNING OF STRATEGIC COOPERATION AGREEMENT WITH JD GROUP**

The Company is pleased to announce that China South City Group and JD Group have signed a strategic cooperation agreement at JD Beijing headquarter on 29 November 2016. The cooperation will foster a long-term and comprehensive partnership on B2B E-commerce, warehouse and logistics and financial services, combining the strengths of both parties and premised on the principle of mutual benefits, while leveraging their strategic resources.

The cooperation with JD Group will be focused around B2B professional services sectors on an exclusive basis. These comprise the five industries of construction materials, hardware & machinery, automobile & parts, electronic & parts, as well as leather & accessories. The cooperation may extend to other industries depending on the progress made, and JD Group will continue to cooperate with China South City Group through technology, services and/or capital investment. Both parties will jointly promote the cooperation in the following five areas:

1. **Joint development of new B2B trading platform:** Combining the respective strengths of both JD Group and China South City Group, both parties will develop a new B2B trading platform which caters to the needs of various industries. The cooperation will be implemented in three phases and upon completion of Phase I, JD Group will continue to cooperate with China South City Group through technology, services and/or capital investment.
2. **Cooperation in logistics services:** Both parties will proactively explore the next steps in providing long-term and stable warehousing services to JD Group's existing businesses on the back of China South City Group's warehousing facilities, as well as their future B2B cooperation.
3. **Strengthening of existing business cooperation:** Shenzhen Huasheng Commercial Development Company Limited, China South City Group's outlets subsidiary, has a long-established framework for cooperation with the POP platform of JD Mall on E-commerce,

which has achieved good results. The strategic cooperation agreement signed will further support the existing partnership;

4. **Riding on the technological edge of JCloud:** The strategic cooperation will strengthen the service capabilities of CSC86.com – China South City Group’s own E-commerce platform; and;
5. **Financial Cooperation:** Leveraging on their individual strong capital base and extensive experience in financial investments, both parties will proactively explore opportunities to cooperate in internet finance, with the back of physical commodity trading.

In the aforementioned areas of cooperation, JD Group and China South City Group have shown a high degree of compatibility in strategic development. Riding on the strength of JD Group’s online technology and China South City’s experience in physical platform operation, releasing the resources sharing between China South City’s scale in trunkline logistics and JD’s last mile delivery network. The cooperation will serve as a major boost to the development of China South City Group’s E-commerce operation.

## **DEFINITIONS**

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Company”	China South City Holdings Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
“China South City Group”	the Company and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JD Group”	JD.com, Inc (“JD”) is the largest integrated E-commerce platform in China whose shares are listed on NASDAQ (ticker: JD). JD Group refers to JD and its subsidiaries

For and on behalf of the Board  
**China South City Holdings Limited**  
**CHENG Chung Hing**  
*Co-Chairman and Executive Director*

Hong Kong, 29 November 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Cheng Chung Hing, Mr. Leung Moon Lam and Mr. Fung Sing Hong Stephen; 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 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.*