
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China South City Holdings Limited, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



China South City Holdings Limited
華南城控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1668)

GENERAL MANDATES
TO ISSUE SHARES AND BUY-BACK SHARES,
RE-ELECTION OR ELECTION OF DIRECTORS,
ADOPTION OF THE 2019 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of China South City Holdings Limited to be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong on Friday, 13 September 2019 at 2:30 p.m. is set out on pages 32 to 36 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 2 clear days before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjourned meeting should you so wish and in such event, the form of proxy will be deemed to be revoked.

30 July 2019

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Definitions | 1 |
| Letter from the Board | 4 |
| 1. Introduction | 4 |
| 2. General Mandates | 5 |
| (a) Issue Mandate | 5 |
| (b) Buy-Back Mandate | 5 |
| 3. Re-election or Election of the Directors | 6 |
| 4. Adoption of the 2019 Share Option Scheme | 7 |
| 5. Annual General Meeting | 8 |
| 6. Recommendation | 9 |
| 7. Responsibility Statement | 9 |
| Appendix I — Explanatory Statement for Buy-Back Mandate | 10 |
| Appendix II — Biographical Details of the Directors Proposed for Re-election or Election | 13 |
| Appendix III — Summary of the Principal Terms of the 2019 Share Option Scheme | 21 |
| Notice of Annual General Meeting | 32 |

DEFINITIONS

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

| | |
|----------------------------|--|
| “2019 Share Option Scheme” | the share option scheme of the Company proposed to be adopted at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular |
| “Adoption Date” | 13 September 2019, the date on which the 2019 Share Option Scheme will be approved and adopted by an ordinary resolution of the Shareholders |
| “AGM” | the annual general meeting of the Company to be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong on Friday, 13 September 2019 at 2:30 p.m. |
| “AGM Notice” | the notice convening the AGM as set out on pages 32 to 36 of this circular |
| “Articles” | the Memorandum of Association and New Articles of Association of the Company |
| “associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Auditors” | the auditors from time to time of the Company |
| “Board” | the board of Directors or a duly authorised committee thereof |
| “Business Day” | a day on which the Stock Exchange is open for the business of dealing in securities |
| “Buy-Back Mandate” | a general and unconditional mandate to buy-back Shares up to a maximum of 10% of the aggregate number of Shares in issue as at the date of passing of the relevant ordinary resolution to grant such mandate |
| “chief executive” | has the meaning ascribed thereto under the Listing Rules |
| “close associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Companies Ordinance” | the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) |
| “Company” | China South City Holdings Limited, a company incorporated in Hong Kong with limited liability and the Shares are listed on the Stock Exchange |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |

DEFINITIONS

| | |
|--------------------------------|--|
| “core connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Existing Share Option Scheme” | the existing share option scheme adopted by the Company on 4 September 2009 |
| “Grant Date” | the date (which shall be a Business Day) on which the grant of an Option is made to (and subject to acceptance by) a Participant as determined in accordance with paragraph 5(b) of Appendix III to this circular |
| “Grantee(s)” | any Participant(s) who accept(s) the grant of any Option in accordance with the terms of the 2019 Share Option Scheme or (where the context so permits) person(s) entitled under the 2019 Share Option Scheme to exercise any such Option in consequence of the death of the original Grantee(s) |
| “Group” | the Company and its Subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Issue Mandate” | a general and unconditional mandate to allot and issue the Shares up to a maximum of 20% of the aggregate number of Shares in issue as at the date of passing of the relevant ordinary resolution to grant such mandate |
| “Latest Practicable Date” | 11 July 2019 being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “New Refreshed Limit” | has the meaning ascribed thereto under paragraph 10(b)(ii) of Appendix III to this circular |
| “Option(s)” | option(s) to subscribe for Shares granted to (and subject to acceptance by) a Participant pursuant to the 2019 Share Option Scheme |

DEFINITIONS

| | |
|------------------------------|--|
| “Option Period” | a period, in relation to the relevant Option, to be notified by the Board to the Grantee, such period not exceeding ten (10) years from the Grant Date and expiring on the last day of the said 10-year period |
| “Original Limit” | has the meaning ascribed thereto under paragraph 10(b)(ii) of Appendix III to this circular |
| “Participant(s)” | any individual being an employee, officer, agent or consultant of the Company or any Subsidiary, including any executive or non-executive director of the Company, who satisfies the criteria set out in paragraph 5(a) of Appendix III to this circular |
| “Previous Refreshed Limit” | has the same meaning ascribed thereto under paragraph 10(b)(ii) of Appendix III to this circular |
| “Refresher Date” | has the same meaning ascribed thereto under paragraph 10(b)(ii) of Appendix III to this circular |
| “Scheme Period” | the period of ten (10) years commencing on the Adoption Date |
| “SFO” | the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “Share(s)” | ordinary share(s) of the Company |
| “Shareholder(s)” | the registered holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option as described in paragraph 7 of Appendix III to this circular, subject to adjustment in accordance with the 2019 Share Option Scheme |
| “Subsidiary(ies)” | any company(ies) which is or are for the time being and from time to time subsidiary(ies) (within the meaning ascribed thereto in the Listing Rules) of the Company |
| “substantial shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Takeovers Code” | the Hong Kong Codes on Takeovers and Mergers |
| “%” | per cent |



China South City Holdings Limited
華南城控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1668)

Board of Directors

Executive Directors

Mr. Cheng Chung Hing (*Chairman*)
Mr. Fung Sing Hong Stephen (*Vice Chairman*)
Mr. Zhao Lidong (*Chief Executive Officer*)
Ms. Cheng Ka Man Carman

Non-Executive Directors

Dr. Ma Kai Cheung *SBS, BBS*
Mr. Cheng Tai Po
Mr. Lin Ching Hua

Independent Non-Executive Directors

Mr. Leung Kwan Yuen Andrew *GBS, SBS, JP*
Mr. Li Wai Keung
Mr. Hui Chiu Chung *JP*
Mr. Yung Wing Ki Samuel *SBS, MH, JP*

Registered Office

Room 2205, Sun Life Tower
The Gateway
15 Canton Road
Tsimshatsui
Kowloon
Hong Kong

30 July 2019

To the Shareholders

Dear Sir or Madam,

**GENERAL MANDATES
TO ISSUE SHARES AND BUY-BACK SHARES,
RE-ELECTION OR ELECTION OF DIRECTORS,
ADOPTION OF THE 2019 SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding the resolutions to be proposed at the AGM. These resolutions include, among other things, (i) the granting to the Directors the Issue Mandate and the Buy-Back Mandate and adoption

LETTER FROM THE BOARD

and the extension of the Issue Mandate to include Shares bought back pursuant to the Buy-Back Mandate; (ii) the adoption of the 2019 Share Option Scheme; and (iii) the re-election or election of the Directors in accordance with the Articles. The resolutions to be proposed at the AGM for Shareholders' approval are set out in the AGM Notice as contained in this circular.

2. GENERAL MANDATES

At the last annual general meeting of the Company held on 21 August 2018, ordinary resolutions were passed to grant the Directors general and unconditional mandates to allot, issue and otherwise deal with the Shares of up to a maximum of 20% of the issued share capital of the Company as at 21 August 2018 and to buy-back the Shares of up to a maximum of 10% of the issued share capital of the Company as at 21 August 2018 respectively and to extend the general mandate to allot and issue Shares to include Shares bought back under the general mandate to buy back Shares. These general mandates will lapse at the conclusion of the AGM, unless renewed at the AGM. It is therefore proposed to renew these general mandates at the AGM.

(a) Issue Mandate

At the AGM, an ordinary resolution set out in resolution no. 5 of the AGM Notice will be proposed to the Shareholders to consider and, if thought fit, granting the Directors a new general and unconditional mandate to allot and issue Shares up to a maximum of 20% of the aggregate number of Shares in issue as at the date of passing of the relevant ordinary resolution. As at the Latest Practicable Date, the total number of Shares in issue was 8,117,130,848. Subject to the passing of the proposed resolution, the maximum number of new Shares to be issued under the Issue Mandate will be 1,623,426,169 Shares (assuming that there will be no further Shares issued or bought back prior to the AGM).

Subject to the passing of the Issue Mandate and the Buy-Back Mandate, an ordinary resolution set out in resolution no. 7 of the AGM Notice will be proposed to extend the Issue Mandate to increase the limit of the Issue Mandate by adding to it the number of Shares bought back under the Buy-Back Mandate.

(b) Buy-Back Mandate

At the AGM, an ordinary resolution set out in resolution no. 6 of the AGM Notice will be proposed to the Shareholders to consider, and if thought fit, granting the Directors a new general and unconditional mandate to exercise all powers of the Company to buy-back, subject to the criteria set out in the circular, Shares up to a maximum of 10% of the aggregate number of Shares in issue as at the date of passing of the relevant ordinary resolution.

LETTER FROM THE BOARD

An explanatory statement containing relevant information relating to the Buy-Back Mandate as required by the Listing Rules to be sent to the Shareholders is set out in the Appendix I to this circular. The explanatory statement contains all the information reasonably necessary to enable the Shareholders to make an informed decision on whether to vote for or against the resolution relating to the Buy-Back Mandate at the AGM.

3. RE-ELECTION OR ELECTION OF THE DIRECTORS

According to the Articles, Mr. Cheng Chung Hing, Mr. Lin Ching Hua, Mr. Li Wai Keung and Mr. Hui Chiu Chung shall retire from office by rotation at the AGM. Mr. Zhao Lidong was appointed as Executive Director of the Company with effect from 1 February 2019 shall hold office until the AGM. Subject to the facts mentioned below, all of them being eligible will offer themselves for re-election or election at the AGM. At the AGM, ordinary resolutions set out in resolution no. 3 of the AGM notice will be proposed to re-elect (i) Mr. Cheng Chung Hing as Executive Director; (ii) Mr. Lin Ching Hua as Non-Executive Director; (iii) Mr. Li Wai Keung as Independent Non-Executive Director; (iv) Mr. Hui Chiu Chung as Independent Non-Executive Director; and to elect (v) Mr. Zhao Lidong as Executive Director.

Mr. Li Wai Keung (“**Mr. Li**”), has served as Independent Non-Executive Director of the Company for more than nine years while Mr. Hui Chiu Chung (“**Mr. Hui**”) will serve as Independent Non-Executive Director of the Company for more than nine years on and after 11 April 2020. Mr. Li is chairman of Audit Committee and Remuneration Committee and members of Nomination Committee while Mr. Hui is member of Audit Committee. During their tenures of office, each of Mr. Li and Mr. Hui has been able to fulfill all the requirements regarding independence as Independent Non-Executive Directors under Rule 3.13 of the Listing Rules. Besides, they have been providing objective and independent views to the Company over the years, and they remain committed to their independent roles. The Nomination Committee and the Board were of the view that the long service of Mr. Li and Mr. Hui would not affect their exercise of independent judgement and were satisfied that they have the required character, integrity and experience to continue fulfilling the roles of an Independent Non-Executive Director.

Notwithstanding that Mr. Hui holds more than seven listed company directorships for the time being, Mr. Hui had a good attendance record and made valuable contribution at the meetings of the Board and the Board Committees in the past years. The Nomination Committee and the Board were of the view that Mr. Hui would be able to continue to devote sufficient time to the Board.

Biographical details of the Directors proposed for re-election or election, which are required to be disclosed pursuant to the Listing Rules, are set out in Appendix II to this circular.

LETTER FROM THE BOARD

4. ADOPTION OF THE 2019 SHARE OPTION SCHEME

As the Existing Share Option Scheme will expire on 29 September 2019 and to enable the Company to continue to provide incentives to Participants to contribute to the Company and to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group, the Board proposes to recommend to the Shareholders at the AGM to terminate the Existing Share Option Scheme with effect from the Adoption Date and to approve and adopt the 2019 Share Option Scheme, after which no further options will be granted under the Existing Share Option Scheme. As at the Latest Practicable Date, 215,490,000 share options remain outstanding. The outstanding options granted under the Existing Share Option Scheme shall remain valid and exercisable in accordance with the terms of the Existing Share Option Scheme.

A summary of the principal terms of the 2019 Share Option Scheme is set out in Appendix III to this circular.

The 2019 Share Option Scheme will provide the Participants with an opportunity to have a personal stake to the Company with the view to achieving the following objectives:

- (i) motivate the Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Participants whose contributions are or will be beneficial to the long-term growth of the Group.

Such selected Participants may, subject to the approval by the Board, include parties who are not directors or employees of the Company who the Board considers have contributed or will contribute to the development of the Group. The purpose of including such parties as Participants in the 2019 Share Option Scheme is to provide the Board with the flexibility in suitably rewarding or offering incentive to such parties in working towards the further development of the Group for the benefit of the Company and the Shareholders.

The Directors consider that the adoption of the 2019 Share Option Scheme is in the interests of the Company and the Shareholders as a whole.

Under the 2019 Share Option Scheme, the Board has the authority to set the terms and conditions in the grant of the Options (e.g. in relation to the minimum period for which such Options must be held and the performance targets to be achieved before such Options can be exercised), and to determine the Subscription Price. The Board considers that this will provide the Board with more flexibility in imposing appropriate conditions in light of the circumstances of each grant to achieve the purpose of the 2019 Share Option Scheme.

None of the Directors is a trustee of the 2019 Share Option Scheme or has a direct or indirect interest in the trustee of the 2019 Share Option Scheme, if any.

The provisions of the 2019 Share Option Scheme comply with the requirements of Chapter 17 of the Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 8,117,130,848 Shares in issue. Assuming that no further Shares will be allotted, issued, repurchased or cancelled prior to the AGM, the total number of Shares that may fall to be allotted and issued under the 2019 Share Option Scheme and any other share option scheme(s) of the Company after the resolution regarding the proposed adoption of the 2019 Share Option Scheme is passed at the AGM would be 811,713,084 Shares, representing approximately 10% of the total number of Shares in issue.

The Directors consider that it is not appropriate to state the value of the Options which may be granted under the 2019 Share Option Scheme as if they had been granted as at the Latest Practicable Date. The pricing of the Options is set out in paragraph 7 of Appendix III to this circular. The Directors believe that any estimate regarding the value of the Options will not be meaningful to the Shareholders, since the Options to be granted shall not be assignable, and no holder of the Options shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of a third party over or in relation to any Option or purport to do any of the foregoing.

As at the Latest Practicable Date, no Option had been planned to be granted under the 2019 Share Option Scheme.

The 2019 Share Option Scheme is conditional upon the satisfaction of the conditions set out in paragraph 2 in Appendix III to this circular. Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the Options granted under the 2019 Share Option Scheme.

As at the Latest Practicable Date, no Shareholder had any material interest in the adoption of the 2019 Share Option Scheme. As such, no Shareholder is required to abstain from voting on the resolution in relation thereto.

A copy of the rules of the 2019 Share Option Scheme is available for inspection at the Company's principal place of business in Hong Kong at Suite 2205, Sun Life Tower, The Gateway, 15 Canton Road, Tsimshatsui, Kowloon, Hong Kong, at normal business hours from the date of this circular up to and including the date of the AGM.

5. ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 32 to 36 of this circular to consider the resolutions relating to, inter-alia, the Issue Mandate, the Buy-Back Mandate, the extension of the Issue Mandate, the re-election or election of the Directors and the adoption of the 2019 Share Option Scheme.

A form of proxy at the AGM is enclosed with this circular. Whether or not you intend to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 2 clear days before the time appointed for the holding of the AGM or any adjournment thereof (as the case may be). Completion and

LETTER FROM THE BOARD

return of the proxy form will not preclude you from attending and voting in person at the AGM or at any adjournment thereof if you wish and in such event, the form of proxy will be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting will be taken by poll. The poll results will be announced in the manners prescribed under Rule 2.07C and 13.39(5) of the Listing Rules.

6. RECOMMENDATION

The Directors consider that the proposed granting to the Directors of the Issue Mandate, the Buy-Back Mandate, the extension of the Issue Mandate, the re-election or election of the Directors and the adoption of the 2019 Share Option Scheme are in the best interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of the relevant resolutions as set out in the AGM Notice.

7. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirmed that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board
China South City Holdings Limited
Cheng Chung Hing
Chairman & Executive Director

This appendix serves an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration in respect of the Buy-Back Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the Company has a total of 8,117,130,848 Shares in issue. Subject to the passing of the relevant resolution(s) as set out in the AGM Notice and assuming that no further Shares are issued or brought back by the Company, the Directors will be authorized to buy back up to 811,713,084 Shares (being 10% of the aggregate number of Shares in issue as at the date of the AGM) pursuant to the Buy-Back Mandate during the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by law to be held; or (iii) the revocation and variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.

2. REASONS FOR BUY-BACKS

The Directors believe that it is in the best interests of the Company and the Shareholders to seek a general authority from the Shareholders to enable the Company to buy-back its Shares on the Stock Exchange. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share and will only be made when the Directors believe that such buy-backs will benefit the Company and the Shareholders.

3. FUNDING OF BUY-BACKS

In buying back Shares, the Company may only apply funds legally available for such purposes in accordance with the Articles and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). The Companies Ordinance (Chapter 622 of the Laws of Hong Kong) provides that the amount of capital repaid in connection with a share buy-back may only be paid from the distributable profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the buy-back to such extent allowable under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

4. IMPACT OF BUY-BACKS

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report for the fiscal year ended 31 March 2019) in the event of the Buy-Back Mandate were to be carried out in full. However, the Directors do not propose to exercise the Buy-Back Mandate to such extent as would, in the circumstances, have material adverse impact on the working capital requirements of the Company or the gearing levels which, in the opinion of the Board, are from time to time appropriate for the Company.

5. SHARE PRICES

The following table shows the highest and lowest prices at which the Shares have traded on the Stock Exchange for the last twelve months to the Latest Practicable Date:

| | Share Prices Per Share | |
|---|------------------------|-----------------------|
| | Highest <i>HK\$</i> | Lowest <i>HK\$</i> |
| 2018 | | |
| August | 1.53 | 1.36 |
| September | 1.39 | 1.24 |
| October | 1.29 | 1.11 |
| November | 1.25 | 1.15 |
| December | 1.23 | 1.05 |
| 2019 | | |
| January | 1.20 | 1.06 |
| February | 1.46 | 1.15 |
| March | 1.40 | 1.23 |
| April | 1.33 | 1.18 |
| May | 1.23 | 1.04 |
| June | 1.20 | 1.09 |
| July (<i>up to the Latest Practicable Date</i>) | 1.20 | 1.12 |

6. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, has any present intention to sell any Shares to the Company, if the Buy-Back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the Buy-Back Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong in the event that it is granted by the Shareholders of the AGM.

The Company has not been notified by any connected person that such a person has a present intention to sell, or has undertaken not to sell, any Shares to the Company, if the Buy-Back Mandate is approved by the Shareholders.

7. EFFECT OF THE TAKEOVERS CODE

If as a result of a buy-back of securities, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeover Code. As a result, a Shareholder or a group of Shareholders acting in concert, depending on the level of such increase, may obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, Accurate Gain Developments Limited and Proficient Success Limited are the substantial shareholders of the Company and respectively are deemed to hold interests in 2,224,920,458 Shares or voting rights of the Share and 588,984,145 Shares, collectively are deemed to hold 2,813,904,603 Shares. Mr. Cheng Chung Hing as Director of the company holds 100% interests in Accurate Gain Developments Limited and Mr. Cheng Tai Po as Director of the Company holds 100% interests in Proficient Success Limited. Including the personal interests of Mr. Cheng Chung Hing and Mr. Cheng Tai Po in the Company, they will be deemed to be interested in an aggregate of 2,900,473,936 Shares, representing 35.73% of the total number of issued Shares. In the event that the Directors exercise in full the power to buy-back Shares under the Buy-Back Mandate and if there is no other change in the total number of issued Shares of the Company, their collective interests in the Company will be increased to approximately 39.70% of the total number of issued Shares of the Company. Such increase may give rise to the respective parties to make a mandatory offer under Rule 26 of the Takeovers Code.

Save as aforesaid, the Directors are not aware of any consequences of any purchases made under the Buy-Back Mandate which may arise under the Takeovers Code. The Directors do not intend to exercise the Buy-Back Mandate to such an extent that the Company cannot satisfy its minimum requirement for public float under the Listing Rules.

8. SHARE BUY-BACK BY THE COMPANY

The Company had not repurchased any Shares during the six months preceding the Latest Practicable Date.

The biographical details of the five Directors proposed to be re-elected or elected at the AGM are set out as follows:

EXECUTIVE DIRECTOR

Mr. CHENG Chung Hing (“**Mr. Cheng**”), aged 58, is our Chairman and an executive Director. He is a co-founder of our Group and has been a Director since 2 August 2002. He acted as Co-Chairman of the Group from 30 September 2009 until he was re-designated as Chairman of the Group on 25 July 2017. He is primarily responsible for formulating the overall strategies and assessing the performance of the Group as well as providing leadership for the Board. He has more than 36 years of management experience in the manufacturing, wholesale and distribution businesses. Mr. Cheng has been awarded the “Young Industrialist Awards of Hong Kong 1997” from the Federation of Hong Kong Industries, the Distinguished International Entrepreneur of the Year Award 1997 from San Francisco State University and the Chinese Outstanding Entrepreneur Award 2008 from the China Enterprise Confederation and the China Enterprise Directors Association. Mr. Cheng is the vice chairman of the China Chamber of International Commerce, a member of the 10th and a standing member of the 11th Guangxi Zhuang Autonomous Region Committee of the Chinese People’s Political Consultative Conference and a member of the 3rd, the 4th and the 5th Shenzhen Committee of the Chinese People’s Political Consultative Conference. Mr. Cheng is also presently the foundation honorary chairman of Gem and Jewelry Committee of China General Chamber of Commerce, a standing member of the China Enterprise Confederation and the China Enterprise Directors Association, vice president of the China Federation of Logistics and Purchasing, vice president of the Guangxi Zhuang Autonomous Region Federation of Industry and Commerce, vice president of the Guangxi Overseas Friendship Association, vice president of the China Chamber of International Commerce Shenzhen, honorary chairman of the Shenzhen Logistics and Supply Chain Management Association, vice chairman of the Federation of Shenzhen Industries, honorary life president of the Hong Kong Gemstone Manufacturers’ Association Limited, honorary chairman of Zhejiang Pearl Trade Association and member of the Shenzhen Overseas Friendship Association. Mr. Cheng was the chairman and non-executive director of Man Sang Jewellery Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**The Hong Kong Stock Exchange**”) (stock code: 1466) until 10 December 2016. Mr. Cheng is the father of Ms. Cheng Ka Man Carman, an Executive Director, and a younger brother of Mr. Cheng Tai Po, a Non-Executive Director.

Save as disclosed herein, Mr. Cheng does not have any relationship with other directors, senior management, substantial shareholders or controlling shareholders of the Company, and did not hold any other directorship in the past three years in any public companies the securities of which are listed on any securities markets in Hong Kong and overseas.

Mr. Cheng has entered into a service contract with the Company for a specific term of three years. The contract may be terminated by either party for not less than one month's notice in writing served on the other party. Currently, he is entitled to a basic salary of HK\$5,850,000 per annum subject to annual review by the remuneration committee and the Board at the end of each financial year of the Company. In addition, he is entitled to a performance bonus of an amount equal to 1% of the audited net profit attributable to owners of the parent of the relevant fiscal year excluding adjustments on fair value of investment properties and related tax effects and other non-operating items. Without prejudice to the foregoing, Mr. Cheng is entitled to a discretionary bonus of an amount to be determined by the Board or the remuneration committee in an absolute discretion. The maximum aggregate amount of all bonuses payable to all the Executive Directors (including the said performance bonus and the discretionary bonus) in any financial year of the Company shall not be more than 3% of the audited consolidated net profit after taxation and non-controlling interests but before non-operating items of the relevant financial year. In addition, subject to the determination by the remuneration committee or the Board, Mr. Cheng may also participate in the Company's 2019 Share Option Scheme in accordance with the terms and conditions of such scheme.

For the fiscal year ended 31 March 2019, Mr. Cheng received the Directors' emoluments in the total sum of HK\$23,712,000 (Note (A)). The remuneration is determined in accordance with the Company's policy on Directors' remuneration and with reference to comparable market conditions.

As at the Latest Practicable Date, Mr. Cheng has the following interests in the Company within the meaning of Part XV of the SFO:

| Class of Shares | Number of Shares held under corporate interest | Number of Shares held under personal/family interest | Number of underlying Shares held under equity derivatives | Total | Approximate Percentage of the Company's Total number of issued shares |
|------------------------|---|---|--|---------------|--|
| Ordinary Shares | 2,224,920,458 ⁽¹⁾ | 81,633,333 | — | 2,306,553,791 | 28.41% |

- (1) As informed by Accurate Gain Developments Limited, it was interested in 778,253,792 Shares in the capacity of a beneficial owner and had 1,446,666,666 Shares in respect of derivative interests under certain swap funding arrangements with PAG Holdings Limited. Therefore Accurate Gain Developments Limited was deemed to have interests in 2,224,920,458 Shares.

Save as disclosed above and information in this circular, Mr. Cheng did not have any other interests or short positions in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Save as disclosed above and information in this circular, the Board is not aware of any other information that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of the Rule 13.51(2) of the Listing Rules.

Mr. ZHAO Lidong (“**Mr. Zhao**”), aged 48, is our Executive Director and Chief Executive Officer. Mr. Zhao joined the Group as the Chief Operating Officer of the Group in November 2018, and he has been appointed as an Executive Director of the Company and the Chief Executive Officer of the Group with effect from 1 February 2019. He is primarily responsible for the overall operation and management of the Group. Mr. Zhao was graduated from Dalian University in 1992 with a Diploma in Thermal Power Engineering and graduated from Dalian University of Technology in 1999 with a Bachelor degree in Computer and Applications. Mr. Zhao obtained the qualification of Heating and Ventilation Engineer in 2000. Before joining the Group, Mr. Zhao was the president of China Glorious City Holdings Group Co., Ltd. from April 2017 to November 2018, he was the president of 華董(中國)有限公司 (Hua Dong (China) Co. Ltd.*) from September 2016 to April 2017. During the period of November 2011 to September 2016, Mr. Zhao worked with Wuzhou International Holdings Limited, a company listed on the mainboard of the Stock Exchange of Hong Kong (stock code: 1369) as executive director and executive president. During the period from 2003 to 2011, Mr. Zhao served as deputy general manager of Wuhan Wanda Plaza Commercial Management Co., Ltd. and Tianjin Wanda Plaza Commercial Management Co., Ltd. and general manager of property management department, construction department and preparatory department of 萬達集團商業管理有限公司 (Wanda Group Commercial Management Co., Ltd.*), etc.

Save as disclosed herein, Mr. Zhao does not have any relationship with other directors, senior management, substantial shareholders or controlling shareholders of the Company, and did not hold any other directorship in the past three years in any public companies the securities of which are listed on any securities markets in Hong Kong and overseas.

Mr. Zhao has entered into a service contract with the Company for a specific term of three years. The contract may be terminated by either party for not less than one month’s notice in writing served on the other party. Currently, Mr. Zhao is entitled to a remuneration of HK\$7,600,000 per annum and discretionary bonus, subject to annual review by the remuneration committee and the Board at the end of each fiscal year of the Company.

For the fiscal year ended 31 March 2019, Mr. Zhao received the Directors’ emoluments in the total sum of HK\$1,270,000 (Note (A)). The remuneration is determined in accordance with the Company’s policy on Directors’ remuneration and with reference to comparable market conditions.

As at the Latest Practicable Date, Mr. Zhao did not have any other interests or short positions in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Save as disclosed above and information in this circular, the Board is not aware of any other information that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of the Rule 13.51(2) of the Listing Rules.

* For identification purposes only

NON-EXECUTIVE DIRECTOR

Mr. LIN Ching Hua (“**Mr. Lin**”), aged 46, has been a Non-Executive Director since 28 June 2014. He is primarily responsible for advising on the formulation of the Group’s general business models, development strategies and the resolution of major issues. Mr. Lin joined Tencent Group (“**Tencent Group**” includes Tencent Holdings Limited, shares of which are listed on the Main Board of the Hong Kong Stock Exchange with stock code no. 700, and its subsidiaries) in April 2013. He is currently the vice president of Tencent Group and is the general manager of Strategy Development Department and Social and Performance Advertisement Department. Mr. Lin is mainly responsible to establish the strategic platform of Tencent, to formulate the business development strategies of the Tencent Group, and to lead the research and development of various business models in the Tencent Group and the business cooperation with external strategic partners who the Tencent Group has equity investments. Mr. Lin has taken a crucial and leading role in promoting Tencent’s strategic initiatives, including Weixin commercialization, important strategic investments and co-operations, and the business planning and development in internet finance, and resources integration and product innovation on social advertisement. Before joining Tencent, Mr. Lin was a partner at McKinsey & Company, Inc. (“**McKinsey**”) and general manager of its branch in Taiwan. Mr. Lin mainly served clients and performed research in technology sector, including hi-tech manufacturing, internet service, telecommunication and media during his 12 years with McKinsey. His various research received wide coverage in a number of Business and Financial media in China. Before joining McKinsey, Mr. Lin worked at Deloitte Consulting Inc., Taiwan Office, as a consultant. He received his MBA degree from Harvard Business School in 2001.

Save as disclosed herein, Mr. Lin does not have any relationship with other directors, senior management, substantial shareholders or controlling shareholders of the Company, and did not hold any other directorship in the past three years in any public companies the securities of which are listed on any securities markets in Hong Kong and overseas.

Mr. Lin has entered into a letter of appointment with the Company for a specific term of three years. The appointment may be terminated by either party for not less than one month’s notice in writing served on the other party. Mr. Lin voluntarily decided not to receive any director’s remuneration from the Company since his appointment on 28 June 2014. Therefore, Mr. Lin does not have any Director’s emoluments for the fiscal year ended 31 March 2019.

As at the Latest Practicable Date, Mr. Lin did not have any other interests or short positions in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Save as disclosed above and information in this circular, the Board is not aware of any other information that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of the Rule 13.51(2) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Wai Keung (“**Mr. Li**”), aged 62, has been an Independent Non-Executive Director since 4 September 2009. Mr. Li has more than 41 years of experience in financial management. Mr. Li graduated from the Hong Kong Polytechnic and holds a master degree in Business Administration from the University of East Asia, Macau, currently known as the University of Macau. He was appointed a member of the Chinese People’s Political Consultative Conference Guangdong Provincial Committee on 17 January 2018 and was subsequently appointed a standing member on 27 January 2018. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants, and re-designated as the honorary president and remains as director of Hong Kong Business Accountants Association on 2 August 2018. Mr. Li is the executive director and chief financial officer of Guangdong Holdings Limited, executive director of Guangdong Land Holdings Limited (formerly known as Kingway Brewery Holdings Limited) (“**GDL**”), non-executive director of Guangdong Investment Limited (“**GDI**”) and an independent non-executive director of Shenzhen Investment Limited (“**SZ Investment**”) and Hans Energy Company Limited (“**Hans**”). GDL, GDI, SZ Investment and Hans are companies listed on the Main Board of The Hong Kong Stock Exchange (stock codes: 124, 270, 604 and 554 respectively). He is the chairman of the Council of the Hong Kong Chinese Orchestra Limited, a member of China Overseas Friendship Association and the vice chairman and secretary of the Financial and Accounting Affairs Steering Committee of the Hong Kong Chinese Enterprises Association. He was appointed as Advisor of Management Accounting of the Ministry of Finance, PRC since 21 July 2014. Mr. Li had worked for Henderson Land Development Company Limited (stock code: 12).

Mr. Li had served as Independent Non-Executive Director for more than nine years after 4 September 2018. During his years of appointment, Mr. Li has demonstrated his ability to provide independent view to the Company’s matter. Notwithstanding his years of services as Independent Non-Executive Director, the Nomination Committee and the Board are of the view that Mr. Li is able to continue to fulfill his role as required and thus recommends him for re-election as Independent Non-Executive Director at the AGM.

Save as disclosed herein, Mr. Li does not have any relationship with other directors, senior management, substantial shareholders or controlling shareholders of the Company, and did not hold any other directorship in the past three years in any public companies the securities of which are listed on any securities markets in Hong Kong and overseas.

Mr. Li has entered into a letter of appointment with the Company for a specific term of three years. The appointment may be terminated by either party for not less than one month’s notice in writing served on the other party. Currently, Mr. Li is entitled to a director’s remuneration of HK\$380,000 per annum, subject to annual review by the remuneration committee and the Board at the end of each fiscal year of the Company.

For the fiscal year ended 31 March 2019, Mr. Li received the Directors' emoluments in the total sum of HK\$380,000 (Note (A)). The remuneration is determined in accordance with the Company's policy on Directors' remuneration and with reference to comparable market conditions.

As at the Latest Practicable Date, Mr. Li has the following interests in the Company within the meaning of Part XV of the SFO:

| Class of Shares | Number of Shares held under corporate interest | Number of Shares held under personal/family interest | Number of underlying Shares held under equity derivatives | Total | Approximate Percentage of the Company's Total number of issued shares |
|-----------------|--|--|---|-----------|---|
| Share Options | — | — | 2,000,000 ^(B) | 2,000,000 | 0.02% |

Save as disclosed above and information in this circular, Mr. Li did not have any other interests or short positions in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Save as disclosed above and information in this circular, the Board is not aware of any other information that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of the Rule 13.51(2) of the Listing Rules.

Mr. HUI Chiu Chung (“**Mr. Hui**”), *JP*, aged 72, has been an Independent Non-Executive Director since 11 April 2011. Mr. Hui has over 48 years of experience in the securities and investment industry. He has served as a council member and vice chairman of The Hong Kong Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission, a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of the Hong Kong Exchanges and Clearing Limited, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform and an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A for a number of years. He was also a member of the Committee on Real Estate Investment Trusts of the Hong Kong Securities and Futures Commission and a member of Government “Appointees” (independent member) of Appeal Panel of the Travel Industry Council of Hong Kong. Mr. Hui was appointed by the Government of the Hong Kong Special Administrative Region a Justice of the Peace (JP) in 2004 and was also appointed as a member of the Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference from 2006 to 2017. He is a fellow member of The Hong Kong Institute of Directors and a senior fellow member of Hong Kong Securities and Investment Institute. Mr. Hui also serves as a non-executive director of Luk Fook Holdings (International) Limited (stock code: 590) and an independent non-executive director of Zhuhai Holdings Investment Group Limited (formerly known as Jiuzhou Development Company Limited) (stock code: 908), Lifestyle International Holdings Limited (stock code: 1212), Gemdale Properties and Investment Corporation Limited (formerly known as Frasers Property

(China) Limited) (stock code: 535), SINOPEC Engineering (Group) Co., Limited (stock code: 2386), Agile Property Holdings Limited (stock code: 3383) and FSE Engineering Holdings Limited (stock code: 331), whose shares are listed on The Hong Kong Stock Exchange. He was an independent non-executive director of Chun Wo Development Holdings Limited (now known as Asia Allied Infrastructure Holdings Limited) (stock code: 711) and Hong Kong Exchanges and Clearing Limited (stock code: 388) until his resignation effective from 1 February 2015 and his retirement effective from 29 April 2015 respectively.

Mr. Hui, if being elected as Independent Non-Executive Director by the Shareholders at the AGM, will serve as Independent Non-Executive Director for more than nine years after 11 April 2020. During his years of appointment, Mr. Hui has demonstrated his ability to provide independent view to the Company's matter. Notwithstanding his years of services as Independent Non-Executive Director, the Nomination Committee and the Board are of the view that Mr. Hui is able to continue to fulfill his role as required and thus recommends him for re-election as Independent Non-Executive Director at the AGM.

Save as disclosed herein, Mr. Hui does not have any relationship with other directors, senior management, substantial shareholders or controlling shareholders of the Company, and did not hold any other directorship in the past three years in any public companies the securities of which are listed on any securities markets in Hong Kong and overseas.

Mr. Hui has entered into a letter of appointment with the Company for a specific term of three years. The appointment may be terminated by either party for not less than one month's notice in writing served on the other party. Currently, Mr. Hui is entitled to a director's remuneration of HK\$380,000 per annum, subject to annual review by the remuneration committee and the Board at the end of each fiscal year of the Company.

For the fiscal year ended 31 March 2019, Mr. Hui received the Directors' emoluments in the total sum of HK\$380,000 (Note (A)). The remuneration is determined in accordance with the Company's policy on Directors' remuneration and with reference to comparable market conditions.

As at the Latest Practicable Date, Mr. Hui has the following interests in the Company within the meaning of Part XV of the SFO:

| Class of Shares | Number of Shares held under corporate interest | Number of Shares held under personal/family interest | Number of underlying Shares held under equity derivatives | Total | Approximate Percentage of the Company's Total number of issued shares |
|------------------------|---|---|--|--------------|--|
| Share Options | — | — | 2,000,000 ^(B) | 2,000,000 | 0.02% |

Save as disclosed above and information in this circular, Mr. Hui did not have any other interests or short positions in the shares or underlying shares of the Company or its associated corporations pursuant to Part XV of the SFO.

Save as disclosed above and information in this circular, the Board is not aware of any other information that need to be brought to the attention of the Shareholders and there is no information which is required to be disclosed pursuant to any of the requirements of the provisions under paragraphs (h) to (v) of the Rule 13.51(2) of the Listing Rules.

Notes:

- (A) Unless otherwise defined, details of the Directors' emoluments for the fiscal year ended 31 March 2019 are set out in "Directors' Emoluments" and notes to the financial statements as set out in the Annual Report for the fiscal year ended 31 March 2019. The amount stated in this section represents total cash received or entitled by the respective Directors.
- (B) The relevant interests are share options granted to the respective Directors pursuant to the Existing Share Option Scheme.

The following is a summary of the principal terms of the 2019 Share Option Scheme proposed to be adopted at the AGM. It does not form part of, nor is it intended to be part of the rules of the 2019 Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the 2019 Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the 2019 Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary of this appendix.

1. PURPOSE

The purpose of the 2019 Share Option Scheme is to provide incentives to Participants to contribute to the Company and to enable the Company to recruit high-calibre employees and attract human resources that are valuable to the Group.

2. CONDITIONS

The 2019 Share Option Scheme is conditional upon: (a) the passing by the Shareholders in general meeting of an ordinary resolution to approve the adoption of the 2019 Share Option Scheme; and (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, any Shares which may fall to be issued pursuant to the exercise of Options under the 2019 Share Option Scheme.

3. ELIGIBLE PARTICIPANTS

An eligible Participant shall mean any individual being an employee, officer, agent or consultant of the Company or any Subsidiary, including any executive or non-executive director of the Company or any Subsidiary, who satisfies the criteria set out in paragraph 5(a) of this appendix.

4. DURATION

Subject to paragraph 14 of this appendix, the 2019 Share Option Scheme shall be valid and effective for: the Scheme Period (after which period no further Options will be granted or accepted); and thereafter for so long as there are outstanding any unexercised Options granted and accepted hereunder prior to the expiration of the Scheme Period so as to give effect to the exercise of any such Options or otherwise as may be required in accordance with the provisions of the 2019 Share Option Scheme.

5. GRANT OF OPTION

- (a) On and subject to the terms of the 2019 Share Option Scheme, the Board shall be entitled at any time and from time to time during the Scheme Period (provided that no Options shall be granted after the expiration of the Scheme Period or after the 2019 Share Option Scheme has been terminated (if applicable)) to grant (subject to acceptance by the Grantee in accordance with the terms of the 2019 Share Option Scheme) to any Participant who, as the Board may determine in its absolute discretion, has made valuable contribution to the business of the Group

based on his performance and/or years of service, or is regarded as valuable human resources of the Group based on his work experience, knowledge in the industry and other relevant factors, and subject to such conditions as the Board may think fit, an Option to subscribe for such number of Shares as the Board may determine at the Subscription Price provided that no such grant shall be made except to such number of Participants and in such circumstances that: the Company will not be required under the applicable securities laws and regulations to issue a prospectus or other offer document in respect thereof; and will not result in the breach by the Company or its directors of any applicable securities laws and regulations or in any filing or other requirements arising.

- (b) A grant of an Option shall be made to a Participant by letter (the date of which shall be deemed to be the Grant Date) in such form as the Board may from time to time determine specifying, *inter alia*, the number of Shares comprised in and the Option Period in respect of the relevant Option and the Subscription Price and requiring the Participant to undertake to hold the Option on the terms on which it is granted and to be bound by the provisions of the 2019 Share Option Scheme. The grant shall be personal to the Participant concerned and not transferable and shall remain open for acceptance by the Participant for a period of 28 days from the Grant Date, provided that no such grant shall be open for acceptance after the expiry of the Scheme Period or after 2019 Share Option Scheme has been terminated (if applicable).
- (c) Where any grant of Options is proposed to be made to a Participant who is a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, such grant must first be approved by all the independent non-executive Directors excluding any independent non-executive Director who is the proposed Grantee of such Options.
- (d) Without prejudice to the generality of paragraph 5(c) of this appendix, where any grant of Options is proposed to be made to a Participant who is a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, which would result in the Shares issued and which may fall to be issued upon the exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person under the 2019 Share Option Scheme and any other share option scheme(s) of the Company and/or any Subsidiary in the 12-month period up to and including the proposed Grant Date for such Options:
 - (i) representing in aggregate over 0.1% (or such other percentage as provided under the Listing Rules from time to time) of the number of Shares then in issue; and

- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on each relevant date on which the grant of such options is made to (and subject to acceptance by) such person under the relevant scheme, in excess of HK\$5 million (or such other amount as provided under the Listing Rules from time to time),

then such grant of Options must first be approved by the Shareholders in general meeting at which the proposed Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour on the relevant resolution. Any vote taken at such meeting to approve the proposed grant of such Options must be taken on a poll.

- (e) Any proposed change in the terms of Options granted to a Participant who is a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, must first be approved by the Shareholders in general meeting at which the proposed Grantee, his associates and all core connected persons of the Company shall abstain from voting in favour on the relevant resolution. Any vote taken at such meeting to approve the proposed change to the terms of such Options must be taken on a poll.

6. ACCEPTANCE OF OPTION

An Option shall be regarded as having been accepted when the duplicate of the grant letter, comprising acceptance of the Option, duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company within the period referred to in paragraph 5(b) of this appendix. The remittance shall not be refundable.

7. SUBSCRIPTION PRICE

The Subscription Price shall be determined by the Board and notified to a Participant at the time the grant of the Option(s) (subject to any adjustments made pursuant to paragraph 11 of this appendix) is made to (and subject to acceptance by) the Participant and shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets on the Grant Date, which must be a Business Day and (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the Grant Date.

8. EXERCISE OF OPTIONS

- (a) An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option or purport to do any of the foregoing. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option, or any part thereof, in favour of such Grantee.

- (b) Subject as hereinafter provided in the 2019 Share Option Scheme, the Option may be exercised by the Grantee at any time during the Option Period provided that:
- (i) in the event of the Grantee ceasing to be an employee (including any executive director), officer (including any non-executive director), agent or consultant of the Company or any Subsidiary for any reason, other than his death, ill health, disability or insanity or the termination of his employment, office, agency or consultancy on one or more of the grounds specified in paragraph 9(e) of this appendix, then, if the Option Period has not at the date of such cessation commenced, the Option shall lapse; and if the Option Period has commenced, the Grantee may exercise the Option up to his entitlement at the date of cessation (to the extent not already exercised) until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 1 month (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual day of employment, office, agency or consultancy with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable);
 - (ii) in the event of the Grantee ceasing to be an employee (including any executive director), officer (including any non-executive director), agent or consultant of the Company or any Subsidiary by reason of death, ill health, disability or insanity and none of the events which would be a ground for termination of his employment, office, agency or consultancy specified in paragraph 9(e) of this appendix has occurred, the Grantee or the legal personal representative(s) of the Grantee shall be entitled after commencement of the Option Period until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 12 months from the date of cessation (or such longer period as the Board may determine) to exercise the Option (to the extent not already exercised) in full or to the extent specified in the notice to exercise such Option;
 - (iii) if a general offer to acquire Shares (whether by takeover offer, merger, privatisation proposal by scheme of arrangement between the Company and its members or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulatory requirements, becomes or is declared unconditional, the Grantee (or his legal personal representative(s)) shall, even if the Option Period has not yet commenced, be entitled to exercise the Option (to the extent not already exercised) at any time until whichever is the earlier of the date of expiry of the Option Period or the last day of the period of 14 days after the date on which the offer becomes or is declared unconditional, after which the Option shall lapse; and

- (iv) in the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind up the Company, the Company shall on the same date as or soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this Clause) and thereupon, each Grantee (or his legal personal representative(s)) shall be entitled to (even if the Option Period has not yet commenced) exercise all or any of his Options at any time not later than five Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.
- (c) The right to exercise an Option is not subject to or conditional upon the achievement of any performance target or any minimum period for which the Option must be held before it can be exercised, unless otherwise stated in the grant letter referred to in paragraph 6 of this appendix.
- (d) The Shares to be allotted upon the exercise of an Option will be subject to all the provisions of the Articles and will rank *pari passu* with, and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company, as attached to, the fully paid Shares in issue on the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment or, if that date falls on a day when the register of members of the Company is closed, the first day of the reopening of the register of members, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be before the date of allotment, or, if later, before the date of registration of the allotment in the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting, dividend, transfer and other rights, including those arising on liquidation of the Company, in respect of the Shares to be issued upon the exercise of the Option.
- (e) A Share issued upon the exercise of an Option shall not carry any voting rights until the registration of the Grantee (or any other person) as the holder thereof.

- (f) For the purposes of paragraph 8(b)(i) of this appendix, a Grantee shall not be regarded as ceasing to be an employee (including any executive director), officer (including any non-executive director), agent or consultant of the Company or any Subsidiary if he ceases to hold a position of employment, office, agency or consultancy with the Company or any particular Subsidiary but at the same time he takes up a different position of employment, office, agency or consultancy with the Company or the same or another Subsidiary, as the case may be.

9. LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the other periods referred to in paragraph 8(b)(i), 8(b)(ii) or 8(b)(iii) of this appendix;
- (c) subject to paragraph 8(b)(iv) of this appendix, the earlier of the close of business on the fifth Business Day prior to the general meeting referred to in paragraph 8(b)(iv) of this appendix or the date of commencement of the winding-up of the Company;
- (d) save as otherwise provided in paragraph 8(b)(iii) or by the court in relation to the scheme in question, upon the sanctioning pursuant to the Companies Ordinance by the High Court of Hong Kong of a compromise or arrangement between the Company and its members or creditors for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies;
- (e) the date on which the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent or consultant of the Company or any Subsidiary by reason of the termination of his employment, office, agency or consultancy on any one or more of the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer or principal would be entitled to terminate his employment, office, agency or consultancy at common law or pursuant to any applicable laws or under the Grantee's service contract, terms of office, agency or consultancy agreement or arrangement with the Company or the relevant Subsidiary. A resolution of the Board or the board of directors of the relevant Subsidiary to the effect that the employment, office, agency or consultancy of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 9(e) or that one or more of the grounds specified in this paragraph 9(e) has arisen in respect of

the employment, office, agency or consultancy of a Grantee shall be conclusive and binding on the Grantee and, where appropriate, the Grantee's legal personal representative(s);

- (f) the date on which the Grantee ceases to be an employee (including any executive director), officer (including any non-executive director), agent or consultant of the Company or any Subsidiary for any reason other than death, ill health, disability or insanity if the Option Period has not then commenced and for the purposes of this paragraph the date of cessation shall be the last actual day of employment, office, agency or consultancy with the Company or the relevant Subsidiary whether payment in lieu of notice is made or not (if applicable); or
- (g) where the Grantee commits a breach of paragraph 8(a), the date on which the Board shall exercise the Company's right to cancel the Option.

10. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The limit on the total number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the 2019 Share Option Scheme, together with all outstanding options granted and yet to be exercised under any other share option scheme(s) of the Company and/or any Subsidiary, must not exceed 30% of the number of issued Shares from time to time. No Options may be granted if such grant will result in the said 30% limit being exceeded. Options lapsed or cancelled in accordance with the terms of the 2019 Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the said 30% limit.
- (b) Subject always to the overall limit provided in paragraph 10(a) of this appendix:
 - (i) Subject to paragraph 10(b)(ii) and 10(b)(iii) of this appendix, the total number of Shares which may be issued upon exercise of all Options to be granted, together with all options to be granted under any other share option scheme(s) of the Company and/or any Subsidiary, must not in aggregate represent more than 10% of the issued Shares as at the Adoption Date (that is, 8,117,130,848 Shares (or such number of shares as shall result from a subdivision or a consolidation of such 8,117,130,848 Shares from time to time)), and (unless approved pursuant to paragraph 10(b)(iii) of this appendix) no Options may be granted if such grant will result in the said 10% limit being exceeded. Options lapsed in accordance with the terms of the 2019 Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary shall not be counted for the purpose of calculating the said 10% limit;

- (ii) If the prior approval of the Shareholders in general meeting is obtained in accordance with the relevant procedural requirements of the Listing Rules to “refresh” the 10% limit provided in paragraph 10(b)(i) of this appendix (the “**Original Limit**”) or to further “refresh” a 10% limit previously “refreshed” as provided in this paragraph 10(b)(ii) (the “**Previous Refreshed Limit**”) by approving a new limit (the “**New Refreshed Limit**”) on the total number of Shares which may be issued upon exercise of all Options to be granted, together with all options to be granted under any other share option scheme(s) of the Company and/or the Subsidiary, then with effect from the date of such Shareholders’ approval (the “**Refresher Date**”), the New Refreshed Limit shall apply (subject to paragraph 10(b)(iii) of this appendix) but the relevant “refreshed” limit (being the Original Limit or the Previous Refreshed Limit, as the case may be) shall not apply, in respect of Options to be granted to (and subject to acceptance by) a Participant on or after the Refresher Date provided that the New Refreshed Limit must not exceed 10% of the number of issued Shares as at the Refresher Date, and (unless approved pursuant to paragraph 10(b)(iii) of this appendix) no Options may be granted to (and subject to acceptance by) a Participant on or after the Refresher Date if such grant will result in the New Refreshed Limit being exceeded. Options granted to (and subject to acceptance by) a Participant prior to the Refresher Date under the 2019 Share Option Scheme or any other share option scheme(s) of the Company and/or any Subsidiary (including those outstanding, cancelled or lapsed in accordance with the 2019 Share Option Scheme or such other scheme(s) of the Company and/or any Subsidiary and those that have been exercised) shall not be counted for the purpose of calculating the New Refreshed Limit; and
- (iii) If the prior approval of the Shareholders in general meeting is obtained in accordance with the relevant procedural requirements of the Listing Rules, the Board may grant Options to such Participants specifically identified in respect of such number of Shares and on such terms as may be specified in the said Shareholders’ approval, notwithstanding that such grant of Options will result in any of the 10% limits referred to in paragraph 10(b)(i) and 10(b)(ii) of this appendix being exceeded.
- (c) Subject as hereinafter provided in this paragraph 10(c), no Participant shall be granted an Option which, if accepted and exercised in full, would result in such Participant becoming entitled to subscribe for such number of Shares as, when aggregated with the total number of Shares already issued and which may be issued upon exercise of all Options granted and to be granted to him, together with all options granted and to be granted to him under any other share option scheme(s) of the Company and/or any Subsidiary, within the 12-month period immediately preceding the proposed Grant Date (including exercised, cancelled and outstanding options), would exceed 1% (or such other percentage as provided under the Listing Rules from time to time) of the number of Shares in issue as at the proposed Grant Date. If the prior approval of the Shareholders in general

meeting is obtained, in accordance with the relevant procedural requirements of the Listing Rules, at which meeting such Participant and his close associates (or his associates if the Participant is a connected person of the Company) shall abstain from voting on the relevant resolution, the Board may grant Options to such Participant in respect of such number of Shares and on such terms as may be specified in the said Shareholders' approval, notwithstanding that such grant of Options will result in the said 1% limit (or such other limit as provided under the Listing Rules from time to time) being exceeded.

11. REORGANISATION OF CAPITAL STRUCTURE

Subject to paragraphs 10(a), 10(b) and 10(c) of this appendix, in the event of any capitalisation issue, rights issue, open offer (if there is a price dilutive element), consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction), corresponding adjustments (if any) shall be made in:

- (a) the number of Shares subject to the 2019 Share Option Scheme;
- (b) the number of Shares subject to outstanding Options;
- (c) the Subscription Price in relation to each outstanding Option; and/or
- (d) the method of exercise of the Options,

provided that any such adjustments shall be made such that the proportion of the issued share capital of the Company to which an Option entitles the Grantee to subscribe after such adjustment must be the same as that to which the Option entitled the Grantee to subscribe immediately before such adjustment, and shall satisfy the requirements of the Chapter 17 of the Listing Rules and such applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including but not limited to the supplementary guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to share option schemes). In respect of any adjustment required by this paragraph 11(a), other than any made on a capitalisation issue, an independent financial adviser or the Auditors must also confirm to the Board in writing that the adjustments satisfy the foregoing proviso. The capacity and role of the independent financial adviser or the Auditors pursuant to this paragraph 11(a) is that of experts and not of arbitrators and their confirmation shall (in the absence of manifest error) be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Auditors shall be borne by the Company.

12. CANCELLATION

- (a) The Board may effect the cancellation of any Options granted but not exercised on such terms as may be agreed with the relevant Grantee, as the Board may in its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation.

- (b) Where the Company cancels any Options granted but not exercised and grants new Options to the same Grantee, such grant of new Options may only be made under the 2019 Share Option Scheme if there is available unissued Options (excluding the cancelled Options) within each of the 10% limits as referred to in paragraph 10(b)(i) and 10(b)(ii) of this appendix.

13. ALTERATION OF THE 2019 SHARE OPTION SCHEME

- (a) Subject to paragraphs 13(b), 13(c), 13(d) and 13(e) of this appendix, the 2019 Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the 2019 Share Option Scheme as to:

- (i) the definitions of “Grantee”, “Option Period”, “Participant” and “Scheme Period”; and
- (ii) the provisions of clauses 1.2, 3.1, 4.1, 4.3, 4.4, 4.6, 4.7, 4.8, 5, 6, 7, 8, 9, 11, 12 and 13 of the 2019 Share Option Scheme (including, *inter alia*, those set out under paragraphs 1, 4 to 14 of this appendix),

shall not be altered to the advantage of Participants unless with the prior sanction of a resolution of the Shareholders in general meeting, except where the sole purpose of the alteration is to align the provisions of the 2019 Share Option Scheme with the amendments to the applicable laws, regulations or Listing Rules, in which case the alteration may be approved by resolution of the Board and does not require the Shareholders’ approval in general meeting.

- (b) No such alteration as referred to in paragraph 13(a) of this appendix shall operate to affect adversely the terms of issue of any Option granted to any Participant for acceptance prior to such alteration, except:
- (i) in the case of the cancellation of any Option, with the consent of the Grantee concerned;
 - (ii) in the case of an alteration (other than as referred to in paragraph 13(b)(i) of this appendix) affecting some but not all outstanding Options, with the written consent or sanction of such number of Grantees as shall together hold Options of the class affected in respect of not less than three fourths of all Shares then the subject of such Options or with the sanction, given by resolution at a meeting of the relevant Grantees, passed by such majority of Grantees in respect of all Shares then the subject of the outstanding Options of the class affected as would be required at a meeting of the Shareholders under the Articles for a variation of rights attached to the Shares; or

- (iii) in the case of an alteration (other than as referred to in paragraph 13(b)(i) of this appendix) affecting all Options, with the written consent or sanction of such number of Grantees as shall together hold Options in respect of not less than three fourths of all Shares then the subject of such Options or with the sanction, given by resolution at a meeting of the Grantees passed by such majority of the Grantees in respect of all Shares then the subject of the outstanding Options as would be required at a meeting of the Shareholders under the Articles for a variation of rights attached to the Shares.
- (c) Any alterations to the terms and conditions of the 2019 Share Option Scheme which are of a material nature or any change to the terms of Options granted must first be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the 2019 Share Option Scheme.
- (d) The amended terms of the 2019 Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (e) Any change to the authority of the Board in relation to any alteration to the terms of the 2019 Share Option Scheme must first be approved by the Shareholders in general meeting.

14. TERMINATION

The Company by resolution passed at a general meeting of the Shareholders or at a meeting of the Board may at any time terminate the operation of the 2019 Share Option Scheme and in such event no further Options will be granted or accepted but the provisions of the 2019 Share Option Scheme shall remain in force in all other respects. All Options granted and accepted prior to such termination and not then exercised shall continue to be valid and exercisable subject to and in accordance with the 2019 Share Option Scheme.



China South City Holdings Limited
華南城控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock Code: 1668)

NOTICE IS HEREBY GIVEN that an annual general meeting of China South City Holdings Limited (the “**Company**”) will be held at Harcourt Room, Lower Lobby, Conrad Hong Kong, Pacific Place, 88 Queensway, Admiralty, Hong Kong on Friday, 13 September 2019 at 2:30 p.m. for the following purposes:

As ordinary business,

1. To receive, consider and adopt the audited consolidated financial statements of the Company and its Subsidiaries and the reports of the directors of the Company (the “**Directors**”) and independent auditor of the Company (the “**Auditor**”) for the year ended 31 March 2019.
2. To declare a final dividend of HK5.0 cents per Share for the year ended 31 March 2019.
3. To re-elect or elect the Directors and to authorize the board of Directors (the “**Board**”) to fix the remuneration of the Directors.
4. To re-appoint Messrs. Ernst & Young as independent auditor and to authorize the Board to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

As a special business, to consider and, if thought fit, pass, with or without amendments, the following resolutions as ordinary resolutions.

ORDINARY RESOLUTIONS

5. “**THAT:**

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional ordinary shares of the Company and to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into Shares of the Company) which would or might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options (including but not limited to bonds, warrants and debentures convertible into ordinary shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of ordinary shares of the Company allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) of this resolution), (ii) the exercise of the subscription or conversion rights attaching to any warrants, preference shares, convertible bonds or other securities issued by the Company which are convertible into ordinary shares of the Company, (iii) the exercise of options granted by the Company under any share option agreements and/or share option scheme or similar arrangement for the time being adopted for the grant to Directors, employees, officers, agents and/or consultants of the Company and/or any of its Subsidiaries and/or other eligible person (if any) of rights to acquire the ordinary shares of the Company, or (iv) any scrip dividend or similar arrangement providing for the allotment of the ordinary shares of the Company in lieu of the whole or part of a dividend on the ordinary shares in accordance with the new articles of association of the Company (the “**Articles of Association**”), shall not exceed 20% of the aggregate number of ordinary shares of the Company in issue as at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; or
- (iii) the revocation and variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company (“**Shareholders**”) in general meeting, and

“Rights Issue” means an offer of ordinary shares open for a period fixed by the Company (or by the Directors) to holders of ordinary shares on the Register of Members (ordinary shares) of the Company on a fixed record date in proportion to their then holdings of such ordinary shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any authorized regulatory body or any stock exchange in, any territory outside Hong Kong).”

6. “**THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back the ordinary shares of the Company on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or on any other stock exchange on which the ordinary shares of the Company may be listed and which is recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirement of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange, as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of ordinary shares of the Company to be authorized to buy back by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate number of ordinary shares of the Company in issue as at the date of passing of this resolution; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and

NOTICE OF ANNUAL GENERAL MEETING

(iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the Shareholders in general meeting.”

7. “**THAT** conditional upon the passing of resolutions no. 5 and no. 6 set out in the notice convening this meeting, the aggregate number of ordinary shares of the Company which are brought back by the Company under the authority granted to the Directors as mentioned in the said resolution no. 6 shall be added to the aggregate number of ordinary shares of the Company that may be allotted, issued or dealt with or agreed conditionally or unconditionally to be allotted, issued or dealt with by the Directors pursuant to the approval in the said resolution no. 5.”

8. “**THAT:**

subject to the granting by the Listing Committee of the Stock Exchange of the listing of and permission to deal in the Shares to be issued and allotted by the Company under the proposed share option scheme of the Company (the “**2019 Share Option Scheme**”), a copy of which has been produced to the Annual General Meeting marked ‘A’ and initialled by the chairman of the Annual General Meeting for the purpose of identification, and the approval by shareholders of the Company for the adoption of the 2019 Share Option Scheme: (i) the 2019 Share Option Scheme be and is hereby approved and adopted as the Company’s share option scheme and the Directors be and are hereby authorized to take all such steps as they may deem necessary, desirable or expedient to carry into effect, waive or amend the 2019 Share Option Scheme subject to the terms of the 2019 Share Option Scheme and Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time); and (ii) the Directors be and are hereby authorised to grant options to subscribe for Shares in accordance with the rules of the 2019 Share Option Scheme up to a maximum of 10% of the Shares in issue as at the date of passing of this resolution, to issue and allot Shares pursuant to the exercise of the options so granted, to administer the 2019 Share Option Scheme in accordance with its terms and to take all necessary actions incidental thereto as the Directors deem fit.”

For and on behalf of the Board
China South City Holdings Limited
Cheng Chung Hing
Chairman & Executive Director

Hong Kong, 30 July 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) The register of members of the Company will be closed from Thursday, 19 September 2019 to Monday, 23 September 2019, both days inclusive, during which period no transfer of Shares of the Company will be effected. The ex-dividend date will be on Tuesday, 17 September 2019. In order to qualify for the proposed final dividend, all properly completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 18 September 2019. The proposed final dividend will be distributed on or about Monday, 21 October 2019 to Shareholders of the Company whose names appear on the register of members on Monday, 23 September 2019.
- (2) A member entitled to attend and vote at the above meeting convened by the above notice, is entitled to appoint one or more than one proxy to attend and to vote in his stead. A proxy need not be a member of the Company.
- (3) A form of proxy for the meeting is enclosed. The form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power of attorney or authority, must be deposited at the Company's share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 2 clear days before the time for holding meeting or adjourned meeting thereof, and in default the form of proxy shall not be treated as valid.
- (4) Completion and return of the form of proxy will not preclude members from attending and voting in person at the above meeting or any adjourned meeting thereof should they so wish. In such case, such form of proxy shall be deemed to be revoked.
- (5) Where there are joint holders of any Shares, the vote of the senior who tenders a vote whether in person, or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company.