
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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

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 transferee(s).

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

(incorporated in Hong Kong with limited liability)
(Stock Code: 1668)

**(1) PROPOSED SUBSCRIPTION OF NEW SHARES AND
CHANGE OF SINGLE LARGEST SHAREHOLDER
AND
(2) NOTICE OF EGM**

Financial Advisor to the Company



A letter from the Board is set out on pages 4 to 23 of this circular.

A notice convening the EGM to be held at Garden Room, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 18 February 2022 at 2:30 p.m. is set out on pages 24 to 25 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 48 hours 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.

Precautionary measures for Extraordinary General Meeting

Considering the outbreak of the coronavirus (COVID-19), certain measures will be implemented at EGM with a view to lowering the risk of infection to attendees, including but without limitation:

1. all Attendees must make mandatory health and travel declaration;
2. all Attendees must accept compulsory temperature checks;
3. all Attendees must wear the surgical face masks (please bring your own);
4. no provision of refreshments or drinks; and
5. no provision of souvenirs or gifts.

Attendees who do not comply with the precautionary measures referred to 1 to 3 above may be denied entry to the venue of the EGM, at the absolute discretion of the Company.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their rights to vote at the EGM by appointing the Chairman of the EGM as their proxy and to return their forms by the time specified above, instead of attending the EGM in person.

In the event of any inconsistency, the English version of this circular shall prevail over the Chinese version.

27 January 2022

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DEFINITIONS

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

“Accurate Gain”	Accurate Gain Developments Limited, a company incorporated in the British Virgin Islands, which is 100% beneficially owned by Mr. Cheng
“Announcement”	the announcement of the Company dated 31 December 2021 in relation to, among other things, the Subscription
“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong
“Companies Ordinance”	the Company Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	China South City Holdings Limited (華南城控股有限公司), a company incorporated in Hong Kong with limited liability and the Shares are listed on the Stock Exchange
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at Garden Room, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 18 February 2022 at 2:30 p.m. to consider and, if thought fit, approve, among other matters, the Subscription and the Specific Mandate
“FRC”	the Financial Reporting Council
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	24 January 2022, being the latest practicable date for ascertaining certain information included herein before the printing of this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	six months from the date of the Subscription Agreement or such later date as may be agreed between the Company and SZCDG
“Mr. Cheng”	Mr. Cheng Chung Hing, an executive Director of the Company and, together with his associates, the controlling shareholder of the Company
“Ms. Cheng”	Ms. Cheng Ka Man Carman, the daughter of Mr. Cheng
“PRC”	the People’s Republic of China
“SFC”	The Securities and Futures Commission
“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)
“Specific Mandate”	the specific mandate to approve the allotment and issuance of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic Cooperation Agreement”	the strategic cooperation agreement entered into between the Company and SZCDG on 30 December 2021
“Subscription”	the subscription for the Subscription Shares by SZCDG or its wholly owned subsidiary pursuant to the terms and conditions of the Subscription Agreement

DEFINITIONS

“Subscription Agreement”	the subscription agreement dated 30 December 2021 in respect of the subscription of 3,350,000,000 new Shares by SZCDG or its wholly owned subsidiary entered into between the Company and SZCDG
“Subscription Price”	HK\$0.57 per Subscription Share (exclusive of all transaction levies of the SFC, the FRC transaction levy and trading fees of the Stock Exchange (if any))
“Subscription Shares”	3,350,000,000 new Shares to be issued by the Company to SZCDG or its wholly owned subsidiary on the terms and subject to the conditions set out in the Subscription Agreement
“Substantial Shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“SZCDG”	Shenzhen SEZ Construction and Development Group Co., Ltd. (深圳市特區建設發展集團有限公司), a company established in the PRC, a wholly-owned subsidiary of Shenzhen State-owned Assets Supervision and Administration Commission
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

LETTER FROM THE BOARD



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

(incorporated in Hong Kong with limited liability)

(Stock Code: 1668)

Executive Directors:

Mr. Cheng Chung Hing (*Chairman*)
Ms. Geng Mei (*Chief Operating Officer*)
Ms. Cheng Ka Man Carman

Registered Office:

Suites 3306-08, 33/F., Tower 5
The Gateway, 15 Canton Road
Tsim Sha Tsui, Kowloon
Hong Kong

Non-Executive Directors:

Mr. Cheng Tai Po
Mr. Lei Ming

Independent Non-Executive Directors:

Mr. Leung Kwan Yuen Andrew *GBM, GBS, JP*
Mr. Li Wai Keung
Mr. Hui Chiu Chung *JP*

27 January 2022

To the Shareholders

Dear Sir or Madam

**(1) PROPOSED SUBSCRIPTION OF NEW SHARES AND
CHANGE OF SINGLE LARGEST SHAREHOLDER
AND
(2) NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement regarding, among other things, the Subscription.

The purpose of this circular is to:

- (a) provide further details of the Subscription; and
- (b) give you notice of the EGM to consider and, if thought fit, pass resolutions to approve, among other things, (i) the Subscription and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate.

LETTER FROM THE BOARD

(1) PROPOSED SUBSCRIPTION OF NEW SHARES

On 30 December 2021 (after trading hours), the Company and SZCDG entered into the Subscription Agreement.

Subscription Agreement

Summaries of the principal terms of the Subscription Agreement are set out below.

Date

30 December 2021

Parties

Issuer: Company

Subscriber: SZCDG or its wholly owned subsidiary

To the best knowledge of the Directors, having made reasonable enquiry, as at the Latest Practicable Date, SZCDG and its ultimate beneficial owners are third parties independent of, and not connected with the Company and connected persons of the Company.

Subscription for New Shares by SZCDG

SZCDG has conditionally agreed to subscribe, or procure its wholly owned subsidiary to subscribe, for and the Company has conditionally agreed to allot and issue 3,350,000,000 new Shares to SZCDG or its wholly owned subsidiary at the Subscription Price of HK\$0.57 per Share.

Subscription Shares

As at the Latest Practicable Date, the Company had a total of 8,091,892,848 Shares in issue. The Subscription Shares represent:

- (a) approximately 41.40% of the issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 29.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the issued share capital of the Company).

LETTER FROM THE BOARD

The Subscription Price

The aggregate amount of the consideration for the Subscription Shares is HK\$1,909.5 million, which shall be payable by the Subscriber in cash upon completion of the Subscription Agreement, which represents:

- (a) a discount of approximately 17.39% to the closing price of HK\$0.6900 per Share as quoted on the Stock Exchange as at the date of the Subscription Agreement;
- (b) a discount of approximately 14.93% to the average closing price per Share of approximately HK\$0.6700 for the last five consecutive trading days immediately prior to the date of the Subscription Agreement;
- (c) a premium of approximately 4.68% to the average of the closing price per Share of HK\$0.5445 for the last 30 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (d) a discount of approximately 6.82% to the average closing price per Share of HK\$0.6117 for the last 90 consecutive trading days immediately prior to the date of the Subscription Agreement;
- (e) a discount of approximately 89.09% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 September 2021 (“NAV”) of approximately HK\$5.2224 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 September 2021 (the date to which the latest unaudited financial results of the Group were made up) divided by 8,091,892,848 Shares in issue as at the Latest Practicable Date);
- (f) a theoretical dilution effect (as defined under Note 1 to Rule 7.27B of the Listing Rules) of approximately 5.09%, represented by the theoretical diluted price of approximately HK\$0.6549 per Share to the benchmarked price of approximately HK\$0.6900 per Share (as defined under Note 1 to Rule 7.27B of the Listing Rules, taking into account the closing price on the date of the Subscription Agreement of HK\$0.6900 per Share and the average of the closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement of approximately HK\$0.6700 per Share); and
- (g) a discount of approximately 12.31% to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

LETTER FROM THE BOARD

The Subscription Price will be adjusted if the Company declares any dividend at any time between the date of the Subscription Agreement and the completion of the Subscription as below:

Adjusted subscription price = Subscription Price – dividend per Share

For the avoidance of doubt, the above Subscription Price will not be adjusted by the dividend per Share declared by the Company as approved at the annual general meeting of the Company held on 28 September 2021.

The Subscription Price was determined after arm's length negotiation between the Company and SZCDG with reference to the financial performance of the Company, the prevailing market prices of the Shares, the recent market conditions and the benefits of introducing SZCDG as the Company's strategic investor as detailed in the section headed "Reasons for and Benefits of the Subscription" below. In particular, the following specific considerations have been taken into account: (i) the Shares have been consistently trading at discount to the NAV for a long period of time. Between 30 December 2020 and 30 December 2021 (i.e. one year period prior to the date of the Subscription Agreement), market closing price of the Shares represented a discount between 77.98% and 90.90% to the NAV of HK\$5.2224; (ii) the prevailing market prices of the Shares is a better reflection of the fair market value of the Shares traded on the Stock Exchange and determining the Subscription Price with reference to the NAV is not feasible with potential investors; (iii) that SZCDG and the Company shall share investment and financing resources, project resources, industrial resources, urban planning expertise and park operation experience upon the completion of the Subscription as detailed in the section headed "Future Cooperations with SZCDG", which is expected to substantially enhance Shareholders' value; and (iv) the current adverse market environment due to COVID-19 pandemic and external economic downward pressure. Although the Subscription Price represents a significant discount to the NAV, the Company is of the view that it is appropriate to benchmark the Subscription Price to the recent market price of the Shares instead of the NAV and the potential benefits from the Subscription as detailed in the section headed "Reasons for and Benefits of the Subscription" would outweigh the discount represented the Subscription Price to the NAV per Share.

Given the above, the Board considers that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

The Subscription is conditional upon fulfilment (or, where applicable, waiver) of the following conditions:

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and the permission to deal in, the Subscription Shares to be issued and such approval and permission having not been subsequently withdrawn or revoked;

LETTER FROM THE BOARD

- (b) the approval by the Shareholders at the EGM in accordance with the Listing Rules and the articles of association of the Company of: (i) the Subscription Agreement and the transactions contemplated thereunder (including the Subscription); and (ii) the Specific Mandate;
- (c) SZCDG having obtained all necessary authorizations, consents, permits, filings, approvals or permits (including but not limited to the approval and consent of the state-owned assets supervision and administration department for the transactions contemplated thereunder (if necessary), and the approval and consent or filing from the commerce department, the development and reform department, the administration of market regulation and the foreign exchange department (or the competent bank) on the overseas investment of domestic enterprises (if necessary) for the transaction contemplated thereunder;
- (d) the Shares remaining listed on the Stock Exchange, except for the suspension of trading in the Shares as a result of the Subscription Agreement or any other suspensions of trading in the Shares for five or less consecutive trading days;
- (e) the Strategic Cooperation Agreement not having been terminated or invalidated;
- (f) SZCDG shall apply to the SFC for confirmation that SZCDG and Accurate Gain are not parties acting in concert under the Takeovers Code and that the Subscription will not trigger SZCDG's obligation to make a mandatory general offer under the Takeovers Code, and such confirmation or any indication to that effect from the SFC on the aforesaid having been obtained;
- (g) the representations and warranties of the Company under the Subscription Agreement remaining, true, accurate and complete in all material respects, and not being untrue, incorrect, incomplete or misleading;
- (h) the Company has not breached any undertakings set out in the section headed "Acknowledgement and Pre-completion Undertakings" below which will have a material adverse effect on the overall financial condition or operating results of the Group;
- (i) the Company has not carried out any of the matters set out in paragraph (e) in the section headed "Acknowledgement and Pre-completion Undertakings" below which would have a material adverse effect on the overall financial condition or operating results of the Group; and

LETTER FROM THE BOARD

- (j) no court or regulatory authorities has made judgments, preservation measures or other decisions, orders or statutory restrictions that hinder, prohibit or restrict the Subscription.

The Company shall use its best endeavours to convene the EGM as described in paragraph (b) above by 28 February 2022. If the Company fails to use its best endeavours to convene the EGM as described in paragraph (b) above by 28 February 2022, all reasonable costs of SZCDG (including the intermediary fees, costs and other expenses paid by SZCDG in connection with the Subscription Agreement and the transactions contemplated thereunder) shall be borne by the Company.

SZCDG shall use its best endeavours to fulfil the conditions in paragraphs (c) and (f) above as soon as possible after the signing of the Subscription Agreement.

SZCDG may exercise its absolute discretion at any time and notify the Company in writing to waive (to the extent waivable) in whole or in part the conditions in paragraphs (c), (g) to (i) above.

The conditions in paragraphs (a), (b), (d), (e), (f) and (j) above are not waivable.

In the event (i) any of the conditions contained in the Subscription Agreement is not fulfilled (or waived pursuant to the provisions of the Subscription Agreement) by the Long Stop Date or such later date as may be agreed in writing between SZCDG and the Company; (ii) any party breaches the Subscription Agreement, and the breach cannot be remedied; (iii) a competent court has decided or ruled to prohibit or restrict the Subscription; or (iv) the relevant administrative authority announces or declares that the Subscription is illegal or invalid by decree or order, the obligations and liabilities of SZCDG and the Company under the Subscription Agreement shall become null and void. For the avoidance of doubt, in the event of (i), (iii) and (iv) above, save for any antecedent breaches of the Subscription Agreement or otherwise agreed in the Subscription Agreement, neither the Company nor SZCDG shall have any claim against the other party for costs, damages, compensation or otherwise.

As at the Latest Practicable Date, none of the conditions in the Subscription Agreement has been fulfilled. In terms of the condition in paragraph (f) above, application has been made to the SFC seeking confirmation that SZCDG and Accurate Gain are not parties acting in concert under the Takeovers Code and that the Subscription will not trigger SZCDG's obligation to make a mandatory general offer under the Takeovers Code.

In the event parties agree to extend the original Long Stop Date, the Company will re-comply with all applicable Listing Rule requirements (including obtaining approval from the Shareholders as required under Rule 13.36(1)) of the Listing Rules.

LETTER FROM THE BOARD

Closing

Provided that all the conditions under the Subscription have been fulfilled (or waived in accordance with the Subscription Agreement), the completion of the Subscription Agreement shall take place on the tenth Business Day after all the conditions under the Subscription Agreement have been fulfilled (or waived) or at such other time, location or date as the Company and SZCDG may agree.

Ranking of the Subscription Shares

The Subscription Shares, upon issue, will rank *pari passu* in all respects among themselves and with all the Shares in issue as at the date of allotment and issue of the Subscription Shares.

Acknowledgements and Pre-completion Undertakings

Pursuant to the Subscription Agreement, at any time from the signing of the Subscription Agreement to the completion or termination of the Subscription (whichever is the earlier), SZCDG and the Company acknowledge that the signing of the Subscription Agreement will not give SZCDG any decision-making power (including the decision-making power of the Board and management) over the daily and major matters of the Company. The Company is entitled to make decisions independently from SZCDG.

At any time during the period from the signing of the Subscription Agreement to the completion or termination of the Subscription Agreement (whichever is the earlier):

- (a) the Company shall comply with all applicable laws and regulations (including but not limited to the Listing Rules and the SFO) in all aspects and all requirements made by the Stock Exchange, the SFC or any other applicable regulatory authority in relation to the Subscription Agreement;
- (b) the Company shall conduct its businesses in the ordinary course consistent with past practice prior to the signing of the Subscription Agreement, and in a manner which is commercially sound and will not harm the interests of SZCDG;
- (c) the Company shall and shall procure its related parties and consultants and their respective directors, senior managements and representatives (i) to deal with the Subscription jointly with SZCDG and its affiliates on an exclusive basis; (ii) not to conduct any transactions similar to the Subscription or any other conflicting transactions to the transactions contemplated under the Subscription Agreement (the “**Third-party Transactions**”); (iii) immediately terminate any discussion or negotiation with any person regarding the Third-party Transactions, and thereafter shall not conduct any discussions or negotiations in relation to the Third-party Transactions with any person or provide any information to any person; and (iv) not to encourage any

LETTER FROM THE BOARD

inquiries or suggestions about possible Third-party Transactions, or take any other actions to facilitate such inquiries or suggestions;

- (d) the Company shall not and shall ensure that, without the prior written consent of SZCDG, each member of the Group shall not or shall not agree to any of the following matters, except for transactions, agreements and/or arrangements that have been previously disclosed, or as contemplated under the Subscription Agreement or otherwise disclosed or specified in the Subscription Agreement:
 - (i) decide to amend the provisions of the constitutional documents or articles of associations or the organizational documents of the Company or adopt or pass any resolutions that are inconsistent with the constitutional documents or the articles of association or the organizational documents;
 - (ii) issue or agree to issue any shares;
 - (iii) share subdivision, share consolidation, capital reduction or agree to share split, share merger, capital reduction;
 - (iv) purchase or redeem any shares, or make any repurchase or reducing its capital, or provide financial assistance for any such purchase;
 - (v) implement or adopt any new share option scheme;
 - (vi) pass any resolution to wind up any material subsidiary of the Company; or
 - (vii) taking any action that may have a material adverse effect (or change) or cause a major violation of any applicable law;
- (e) the Company shall use reasonable endeavours to notify SZCDG in writing within five Business Days before the Group conducts any of the following matters, except for transactions, agreements and/or arrangements that have been previously disclosed, or contemplated under the Subscription Agreement or otherwise disclosed or specified in the Subscription Agreement (“**Information Right**”):
 - (i) enter into any agreement with an amount exceeding 5% of the Company’s total audited equity in the previous financial year (the “**Total Audited Equity in the Previous Financial Year**”) (including borrowing, factoring or other financing or any loan commitment, loan letter, commitment, guarantee, compensation, comfort letter or any type of promise);
 - (ii) issue or agree to issue any bonds;

LETTER FROM THE BOARD

- (iii) amend the financing conditions and financing period between any member of the Group and financial institutions;
- (iv) the payment of or a series of payments of amounts exceeds 5% of the Total Audited Equity in the Previous Financial Year (including fees paid to legal counsel or other advisers in connection with the Subscription Agreement or the transactions contemplated thereunder), except for any payments made pursuant to an agreement entered into or obligation arising in the normal course of business prior to the signing of the Subscription Agreement;
- (v) enter into any transaction or change any terms of an existing transaction with any person who is a connected person (as defined in the Listing Rules) of the Company, or enter into any transaction or change any terms of an existing transaction for the benefit of such persons or including the personal benefit of such persons;
- (vi) except as otherwise stipulated in the Subscription Agreement, propose or pass any shareholder resolutions of a special business nature at any general meeting or annual general meeting;
- (vii) provide any person (except any member of the Group) with any advance or other credit exceeding 5% of the Total Audited Equity in the Previous Financial Year, or provide any guarantee or compensation or act as guarantor, or obtain or accept any direct or indirect responsibility for the responsibilities or obligations of any person (except any member of the Group);
- (viii) create or allow the creation of mortgages, charges (fixed or floating), liens, pledges, debentures or other forms of the guarantee, entitlement or equity, or grant or agree to give any guarantee or compensation with an amount exceeding 5% of the Total Audited Equity in the Previous Financial Year, whether similar to the foregoing, or related to any part of its business, property, or assets (except for the lien that is not significant under the applicable laws);
- (ix) sell, transfer, lease, sublet, license, sublicense, assign or otherwise dispose or agree to sell, grant or agree to grant any option, transfer, lease, sublet, license, sublicense, assign or dispose by other means any assets whose book value or reasonable market value (whichever is higher) exceeds 5% of the Total Audited Equity in the Previous Financial Year, including in particular any property or any part of its business, property or assets (or any interest therein);

LETTER FROM THE BOARD

- (x) change, modify, waive or terminate, or agree to change, modify, waive or terminate any terms and conditions of any agreement involved in a single lease exceeding US\$100,000 per month except for any expiration based on its own terms;
- (xi) terminate any agreement under any outstanding contractual obligations or waive any rights under any outstanding contractual obligations, so that there may be a material adverse effect;
- (xii) except for the directors (if any) who will be appointed by the Board to fill temporary vacancies, appoint or remove any Director after any Director resigns or retires;
- (xiii) initiate, compromise, settle, exempt, dissolve or resolve any civil, criminal, arbitration or other procedures or any liability, claim, action, demand or dispute or waiver of any right related to any of the foregoing;
- (xiv) exempt, waive or write-off any debt recorded in its books that exceeds 5% of the Total Audited Equity in the Previous Financial Year;
- (xv) enter into any partnership or joint venture arrangement involving the amount of equity commitments exceeding 5% of the Total Audited Equity in the Previous Financial Year.

The Information Right was agreed after arm's length negotiation between the Company and SZCDG in order for, amongst other things, SZCDG to obtain all necessary authorizations, consents, permits, filings, approvals or permits for the Subscription (including but not limited to approval from the state-owned assets supervision and administration department), being a condition precedent for the completion of the Subscription pursuant to the Subscription Agreement as mentioned in the section headed "Conditions of the Subscription" above.

The information to be provided by the Company to the Subscriber pursuant to the Information Right may or may not constitute inside information under Part XIVA of the Securities and Futures Ordinance ("**Inside Information**").

The Company has a working committee ("**Disclosure Committee**"), the members of which are engaged in the daily operation of the Group and are kept abreast of all key operation decisions of the Group, including the matters as covered by the Information Right, and it is responsible for making recommendations to the Board on the disclosure of Inside Information in compliance with all applicable laws and regulations. The core member of the Disclosure Committee consists of Mr. Cheng Chung Hing, Ms. Geng Mei and Ms. Cheng Ka Man Carman (all are the Executive Directors of the Company), Mr. Chan Mau Cheong Bryan (the Chief Financial Officer of the Company), and Mr. Chan Hing Chau (the Company Secretary of the Company).

LETTER FROM THE BOARD

In addition to the above daily duties, the Disclosure Committee will review all information which is required to be provided under the Information Right, if any such information constitutes Inside Information, the Disclosure Committee shall also seek professional advice where necessary and make disclosure recommendations to the Board.

The Company will, after considering such recommendations, comply with all disclosure requirements under applicable laws and regulations (including Rule 13.09(2) of the Listing Rules) as soon as reasonably practicable, at the same time or prior to providing such information to the Subscriber, in order to ensure equal dissemination of information and compliance with the principle of fair and equal treatment of all Shareholders. For those information provided to the Subscriber and which are not Inside Information, although those may be related to the financial position and operation of the Group, those are information arising from the ordinary course of the Group's business and the Company would not normally publish such information immediately. The Company shall comply with all disclosure requirements under the Listing Rules and shall disclose relevant updates in its annual and interim results announcement(s) and/or report(s). Therefore, the Company considers that the disclosure of such information to the Subscriber will not constitute unequal dissemination of information nor contradict with the principle of fair and equal treatment of all Shareholders.

As a further measure to protect the Company, the Subscriber is subject to a confidentiality obligation for all information in relation to the Group it receives pursuant to the Subscription Agreement.

Moreover, the compliance by the Company with its obligations under the Information Right will not contravene any provisions of the Articles.

Having considered the benefits of the Subscription as detailed in the section headed "Reasons for and Benefits of the Subscription", the Company considers that it is of the commercial rationale to grant the Information Right to the Subscriber, as it is essential for the Subscriber to be promptly informed of the latest financial and operational information of the Group, in order for them to obtain all necessary authorizations, consents, permits, filings, approvals or permits for the Subscription, which is a condition to the completion of the Subscription.

Given the above, the Board considers that the terms of the Subscription Agreement (including the grant of the Information Right) are in the interest of the Company and its Shareholders as a whole and will not result in unequal dissemination of information.

Lock-up Undertakings and Post-completion Undertakings

Pursuant to the Subscription Agreement, subject to the following paragraphs, SZCDG undertakes that for a period commencing from the date of the completion of the Subscription and ending on a date that is 24 months from the completion of the Subscription ("**Initial Lock-up Period**"), except with the prior written approval of the Board (where any Directors nominated by SZCDG shall abstain from voting), neither it nor its nominee nor any person acting on its behalf will:

- (a) directly or indirectly, conditionally or unconditionally offer, sell, contract to sell or agree to sell or lend any of the Subscription Shares or other securities

LETTER FROM THE BOARD

or any interests in the Subscription Shares or securities (including but not limited to the securities convertible into or exchangeable for or exercisable for the Subscription Shares, or the securities rights that represent access to any Subscription Shares, or any warrants or other rights to purchase the Subscription Shares) held or beneficially owned by SZCDG or its wholly owned subsidiary, or grant or sell any Company's equity, warrants, contracts or rights to purchase the Subscription Shares, or any interest therein, or grant or purchase any options, warrants, contracts or rights to sell the Subscription Shares, securities or any interest therein, or grant or agree to grant any options, rights or warrants to purchase or subscribe for the Subscription Shares, securities or any interest therein ("**Locked-up Securities**");

- (b) enter into any swap or other arrangement that transfers to others, in whole or in part, any of the economic consequences of ownership of Locked-up Securities;
- (c) enter into any transaction with the same economic effect as any such transaction of the kind described in (a) or (b); or
- (d) offer or contract or agree to or publicly disclose its intention that it will or may enter into any transaction of the kind described in (a), (b) or (c).

Within six months after the completion of the Subscription, in addition to obtaining the prior written consent of SZCDG, the Company shall and shall urge any person acting on behalf of the Company (including the executive Directors and key management personnel of the Company (including the chief executive officer of the Company, president of the Group, vice president of the Group, executive vice president of the Group, chief financial officer, president of the business management group, assistants of the Group chairman, but excluding any aforementioned personnel who have been dismissed by the Company)) not to (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue any Shares or equity interests of the Company or the securities convertible into or exchangeable for the Shares or equity interests of the Company or anything substantially similar to the securities, or grant to subscribe (whether conditionally or unconditionally, directly or indirectly or otherwise) the options, rights or warrants of the above, or (ii) (conditionally or unconditionally) agree to enter into or carry out any relevant transaction that has the same economic effects as any transaction described in item (i) above, or (iii) announce its intention to enter into or conduct any relevant transaction described in item (i) or (ii) above.

Within 12 months after the completion of the Subscription, in addition to obtaining the prior written consent of SZCDG, the Company shall maintain the stability of the management and operation team of the Group (including the chief executive officer of the Company, president of the Group, vice president of the Group, executive vice president of the Group, chief financial officer, president of the business management group, assistants of the Group chairman etc.).

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Directors and Senior Management

Pursuant to the Subscription Agreement, SZCDG is entitled to recommend/nominate director and senior management candidates to the Board and the shareholders' meeting of the Company in accordance with the Listing Rules and the articles of association of the Company, and the Company shall use its best endeavours to appoint such directors.

Upon receiving any director recommendation/nomination from SZCDG, the nomination committee of the Company shall consider whether the candidate(s)' experiences and capabilities are suitable for the positions. If they are considered suitable candidate(s) by the nomination committee, the nomination committee will propose to the Board to appoint such candidate(s) to be Director(s), either to fill a casual vacancy or as an additional Director. The Board will then appoint such candidate(s) to be Director(s) according to the articles of association of the Company. Any Director(s) appointed by the Board shall hold office only until the conclusion of the first general meeting of the Company after his/her appointment (in the case of filling a casual vacancy) or until the first annual general meeting of the Company (in the case of an addition to the Board) and be subject to re-election at such meeting.

Upon receiving any senior management recommendation/nomination from SZCDG, the executive directors shall consider whether the candidate(s)' experiences and capabilities are suitable for the positions and if they are considered suitable candidates, the executive directors shall appoint the candidate(s) to be members of the senior management team.

As at the Latest Practicable Date, no director or senior management candidates have been identified by SZCDG.

Specific Mandate

The Subscription is subject to the Shareholders' approval. If approved, the relevant Subscription Shares will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the EGM.

Application for Listing

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange.

Future Cooperations with SZCDG

On the same day of the signing of the Subscription Agreement, SZCDG and the Company entered into the Strategic Cooperation Agreement, pursuant to which SZCDG and the Company agreed to establish a strategic cooperation and synergistic relationship on the basis that SZCDG or its wholly-owned subsidiary will become the largest

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shareholder of the Company through the subscription of ordinary shares of the Company and based on the principle of “complementing with each other, strategic synergies and innovative development”, so as to forge a strong alliance.

The Company shall make full use of its advantages including experience, brand influence and land bank resources in promoting the transformation and upgrading of the regional economy through development and operation of large-scale integrated trade and logistics industry and integrating industries into projects, while SZCDG shall make full use of its advantages such as being a municipal state-owned enterprise in Shenzhen, the development, construction and operation of industrial parks, as well as the advantages of the full industrial chain layout of major infrastructure investment and construction tasks, supporting both parties to become bigger, stronger and better in the new round of innovative development and jointly enlarging the operational and social benefits.

Under the strategic cooperation, both parties shall share investment and financing resources, project resources, industrial resources, urban planning expertise and park operation experience.

It is expected that the principal business of the Company will remain unchanged in the near future after the completion of the Subscription as the Company will continue its existing businesses. As at the Latest Practicable Date, the Group has been in discussions with various investors (including SZCDG) on the possible disposal of its property management businesses. Such discussions are at a preliminary stage and the disposal may or may not materialise, and that details of the scope and size for such disposal has not been determined yet as at the Latest Practicable Date. When there is further development in relation to the possible transaction, further announcement(s) will be made by the Company in accordance with all applicable requirements under the Listing Rules if required.

Reasons for and Benefits of the Subscription

The Subscription represents an opportunity to strengthen the shareholder base of the Company by benefiting from SZCDG’s financial strength and diversified expertise in the PRC market.

The Company’s strategy and business model are to develop integrated trade and logistics platforms and ecosystems by providing comprehensive facilities and diversified services spanning across trader centres and logistics assets operation, outlets operation, property management, etc. The Company’s business model is in line with government policies to support the growth of the real economy as it services different participants in the economy including SMEs, e-commerce businesses, retailers and wholesalers, suppliers and other participants in a supply chain, education and healthcare services providers, etc.

SZCDG is a wholly-owned state-owned enterprise under the Shenzhen State-owned Assets Supervision and Administration Commission. It is one of the development and operation entities of state-owned industrial parks in Shenzhen and is responsible for

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major infrastructure construction tasks. SZCDG fully recognises the Company's business model of supporting sustainable development of the real economy. Having SZCDG as a Shareholder, the Company believes that, through leveraging SZCDG's resources and experience in the industry, this could improve the management and operational efficiency as well as enhance the financial capability of the Company. This, in turn, could further enrich and complement the Company's capabilities and resources in developing and exploring other potentials under the integrated trade and logistics ecosystems model. On the other hand, the Company will explore cooperation opportunities with SZCDG with the objective of realising business synergies in order to maximise shareholders' return, while at the same time support the sustainable development of the real economy.

Through these partnerships, the Company could collaborate with SZCDG to enhance the operational efficiency and value of existing projects as well as explore opportunities of future potential projects.

The Subscription would enhance the Company's financial strength and financing capabilities, and provide the Company with an opportunity to broaden its shareholder and capital base, lower financing costs and improve debt maturity profile, as well as diversify funding channels.

Under the Strategic Cooperation Agreement, SZCDG intends to deepen its collaboration with the Company on various aspects including (i) urban renewal as part of the Shenzhen South City project; (ii) upgrade the Company's existing parks to make them become more intelligent and continuous optimisation of operation means; and (iii) freeing-up cooperation resources, introduction of high-quality brands and improvement of the quality and the influence of such parks in the process of coordinating, developing, constructing and operating the national key urban areas of the Company.

Upon the completion of the Subscription, SZCDG, being the single largest Shareholder of the Company, in addition to the strategic cooperation disclosed above in the section headed "Future Cooperations with SZCDG", will support the continuing development and the independent operation of the Company following its current management model, and maintain the stability of the existing management team. In the future, SZCDG will provide suggestions and support to the formulation of proposals of any business development, transformation and upgrading of the Company. Moreover, SZCDG will make full use of its experiences and advantages in industry parks, supporting facilities and infrastructure construction to assist the Company in innovating means and opening up cooperation in the Group's new stage of the development.

Given the above, the Directors consider that the terms of the Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Other Alternative Methods of Financing

The Company has considered various alternative methods of financing, including bank facilities, debt financing, convertible debts, rights issue and open offer, before entering into the Subscription Agreement.

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The obtaining of new bank facilities and debt financing by the Company will inevitably increase the Group's gearing ratio. Such increase in the Group's gearing ratio will negatively impact the Company's credit profile and thereby increase the Company's finance cost in the future. In contrast, the Subscription will decrease the Group's gearing ratio, which will be beneficial to the Company when obtaining new bank facilities and debt financing. Moreover, the Company is of the view that equity financing allows the Group to strengthen its balance sheet without facing the risk and uncertainties of fluctuating interest rates of bank borrowings and debt financing.

Furthermore, the Company is of the view that for other methods of equity fundraising such as convertible debts, rights issue and open offer, it is anticipated that it will be time consuming to identify suitable underwriter(s) and to negotiate terms agreeable to the parties, in particular for a size comparable to the Subscription Shares at the Subscription Price under the prevailing market condition. In addition, the success of such methods of fundraising is uncertain as it is largely dependent on the public investors' interests in such securities. Taking into account the above factors, the Company is of the view that such equity fundraising methods are not beneficial to the Company and the Shareholders as a whole at this stage.

Given the above (as well as those stated in the section headed "Reasons for and Benefits of the Subscription"), the Company considers that the Subscription is currently the most favorable financing method to the Company to raise additional funds as compared to other fundraising methods.

Use of Proceeds

The gross proceeds from the issue of the Subscription Shares are estimated to be approximately HK\$1,909.5 million. The net proceeds from the issue of the Subscription Shares, after deduction of related expenses, are estimated to be approximately HK\$1,893.8 million, representing a net price of HK\$0.5653 per Subscription Share.

The Company intends to use the net proceeds from the Subscription to repay existing indebtedness and for general corporate purposes. The following table sets forth a breakdown of the intended use of net proceeds and the expected timing for each use:

Intended use of net proceeds	Expected timetable
(i) approximately HK\$1,799.11 million (representing 95% of the net proceeds of the Subscription) for the repayment of the Group's borrowings and the accrued interests	by six months from the completion of the Subscription
(ii) approximately HK\$94.69 million (representing 5% of the net proceeds of the Subscription) for the general working capital of the Group	by six months from the completion of the Subscription

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Equity Fund Raising Activities of the Company in the Past 12 Months

The Company has not carried out any equity fund-raising activity during the 12 months immediately preceding the date of the Announcement.

Effects on Shareholding Structure of the Company

As at the Latest Practicable Date:

- (a) the Company had a total of 8,091,892,848 Shares in issue;
- (b) there were outstanding share options (the “**Share Options**”) granted under the share option scheme adopted by the Company on 4 September 2009 and on 13 September 2019 conferring rights to subscribe for an aggregate of 229,295,000 new Shares upon exercise of the subscription rights attaching thereto; and
- (c) save for the Share Options, the Company does not have any outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into the Shares.

The following table sets forth the shareholding structure of the Company (1) as at the Latest Practicable Date; and (2) immediately after completion of the Subscription:

Independent Shareholders	(1) As at the Latest Practicable Date		(2) Immediately after completion of the Subscription	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Subscriber				
SZCDG	–	–	3,350,000,000	29.28
Other Substantial Shareholders of the Company				
Mr. Cheng ^{(1) (2)}	2,306,553,791	28.50	2,306,553,791	20.16
Tencent Holdings Limited	955,936,666	11.81	955,936,666	8.35
Mr. Cheng Tai Po ⁽²⁾	593,920,145	7.33	593,920,145	5.19
Other Shareholders	4,235,482,246	52.36	4,235,482,246	37.02
Total	8,091,892,848	100.00	11,441,892,848	100.00

Notes:

- (1) Mr. Cheng is interested in 100% of the issued share capital of Accurate Gain which in turn was deemed to have interests in 2,306,553,791 Shares.

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- (2) Mr. Cheng Tai Po is interested in 100% of the issued share capital of Proficient Success Limited which in turn holds 588,984,145 Shares and is therefore deemed to be interested in the aforesaid 588,984,145 Shares. Mr. Cheng Tai Po is the elder brother of Mr. Cheng and the uncle of Ms. Cheng.

Change of the Single Largest Shareholder

Immediately before completion of the Subscription, SZCDG did not own any Shares. Upon completion of the Subscription, SZCDG will be interested in 3,350,000,000 Shares representing 29.28% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there is no other change in the issued share capital of the Company). SZCDG will become a substantial shareholder and the single largest Shareholder upon completion of the Subscription.

Information on SZCDG

Established by the Shenzhen Municipal Government in September 2011, SZCDG is a municipal state-owned enterprise set up for the purpose of accelerating the reform of investment and financing system and promoting the integration process of the Special Zone. In February 2016, the municipal government further clarified SZCDG as the municipal operating entity for infrastructure investment, construction and operation, with its principal activities including infrastructure investment, construction and operation, development, construction and operation of industrial park, strategic emerging industry investment, regional economic cooperation and PPP project implementation. As of November 2021, SZCDG had registered capital of RMB33.509 billion, total assets of RMB96.361 billion and net assets of RMB43.018 billion. Over the past decade since its establishment, SZCDG has effectively played its role of major infrastructure construction, industrial upgrading and expanding the room of development, and providing support for the industry cooperation.

During the “14th Five-Year Plan” period, SZCDG will adhere to the corporate mission of “a new integrated operator of urban development with a demonstration role around the country” and plays its role as “four cores”: infrastructure investment, construction and operation, industrial park development and operation, comprehensive for marine industry development and green environmental protection industry development. SZCDG will carry out the task of regional economic collaboration, and strive to become an integrated operator of new urban development to play an exemplary role across the country, a state-owned strategic carrier to support the building of Shenzhen into a global maritime center city, and a state-owned functional carrier to help Shenzhen build a modern, international and innovative city. SZCDG is committed to becoming one of Shenzhen “100 billion backbone state-owned groups” with high quality, and helping Shenzhen to become an innovative and creative metropolitan for start-ups with global influence and a city example of a modern and strong socialist country.

LETTER FROM THE BOARD

Information on the Group

The Group is engaged in development and operation of large-scale integrated logistics and trade centres in China. It provides professional integrated logistics and trading platforms with comprehensive value-added ancillary services and facilities, including but not limited to logistics and warehousing services, property management, outlet operations, e-commerce services, convention and exhibition services – to assist small-to-medium enterprises in modernising the way they conduct business.

Capitalising on the Group's unique and flexible business model, proven operational capabilities and extensive experience in co-operating with local governments to support urbanisation and industrial upgrade throughout China, the Group has developed an extensive network with eight projects in different provincial capitals and municipalities across the nation, including Shenzhen, Nanning, Nanchang, Xi'an, Harbin, Zhengzhou, Hefei and Chongqing.

Implications under the Listing Rules

As the Subscription Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM, the Subscription is subject to the Shareholders' approval. The EGM will be convened for the purposes of considering and, if thought fit, approving, among other things: (i) the Subscription and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate.

Shareholders who are involved in or interested in the Subscription will be required to abstain from voting in respect of the resolution(s) to approve (i) the Subscription and the transactions contemplated thereunder; and (ii) the grant of the Specific Mandate at the EGM.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions approving the aforesaid matters.

EGM

A notice convening the EGM to be held at Garden Room, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 18 February 2022 at 2:30 p.m. is set out on pages 24 to 25 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 48 hours 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.

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An announcement on the results of the EGM will be made by the Company following the EGM in accordance with the Listing Rules.

Completion of the Subscription is subject to fulfilment of the conditions as set out in the Subscription Agreement. The Subscription may or may not proceed.

Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares. If in doubt, Shareholders and potential investors are recommended to consult their professional adviser(s).

RECOMMENDATIONS

Taking into consideration the potential benefits of the Subscription, the Directors consider that the terms of the Subscription Agreement are fair and reasonable, and entering into the Subscription are in the interests of the Company and the Shareholders as a whole. The Directors therefore recommend the Shareholders to vote in favor of the relevant resolution(s) as set out in the notice of the EGM.

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.

All Directors jointly and severally accept full responsibility for the accuracy of information contained in this circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

Yours faithfully
By order of the Board
China South City Holdings Limited
Cheng Chung Hing
Chairman and Executive Director

NOTICE OF EGM



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 OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of China South City Holdings Limited (the “**Company**”) will be held at Garden Room, 2/F., New World Millennium Hong Kong Hotel, 72 Mody Road, Tsim Sha Tsui East, Kowloon, Hong Kong on Friday, 18 February 2022 at 2:30 p.m. for the purposes of considering and, if thought fit, passing with or without modification, the following resolution as ordinary resolution.

ORDINARY RESOLUTION

“**THAT:**

- (a) the subscription agreement dated 30 December 2021 entered into between the Company and Shenzhen SEZ Construction and Development Group Co., Ltd. (深圳市特區建設發展集團有限公司) (“**SZCDG**”) (the “**Subscription Agreement**”) in relation to the issuance of 3,350,000,000 new ordinary shares of the Company (the “**Subscription Shares**”) to SZCDG or its wholly owned subsidiary for a subscription price of HK\$0.57 per Subscription Share (a copy of which has been produced to the EGM and initiated by the chairman of the EGM for the purpose of identification), and the transactions contemplated thereunder be approved, confirmed and ratified;
- (b) the directors of the Company (the “**Directors**”) be and are hereby granted with a specific mandate to allot and issue the Subscription Shares to SZCDG in accordance with the terms and conditions of the Subscription Agreement; and
- (c) the Directors be and are hereby authorised to do all such acts and things and execute all such further documents or deeds as he/she may, in his/her absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implementation of or giving effect to or the completion of any matters relating to the Subscription Agreement, the allotment and issue of the Subscription Shares, and to agree to and make such variations, amendments or waivers of any of the matters relating thereto or in connection therewith.”

By Order of the Board
China South City Holdings Limited
Cheng Chung Hing
Chairman and Executive Director

Hong Kong, 27 January 2022

NOTICE OF EGM

Notes:

- (1) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the EGM to be held on Friday, 18 February 2022, the registers of members of the Company will be closed from Tuesday, 15 February 2022 to Friday, 18 February 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the EGM, Shareholders are reminded to ensure that all share transfer documents accompanied by the relevant share certificates are lodged for registration with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Monday, 14 February 2022.
- (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 48 hours before the time for holding meeting or adjourned meeting thereof, and in defaults 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 is 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.

PRECAUTIONARY MEASURES FOR THE EXTRAORDINARY GENERAL MEETING

Considering the outbreak of the coronavirus (“COVID-19”), certain measures will be implemented at the EGM with a view to lowering the infection risk to attendees, including but without limitation:

- (i) all attendees, included but not limited to Shareholders and their proxy (collectively, the “Attendees”) attending the EGM must make a health and travel declaration. Company will refuse entry if the required declaration cannot be provided. Attendees will be barred from the venue of the EGM if they (a) have symptoms of COVID-19, or (b) have been in close contact in the 14 days prior to the EGM with anyone known or suspected to have become infected with COVID19, or (c) have themselves, or been in close contact with persons who have, returned to Hong Kong in the 14 days prior to the EGM except with exemption granted by the relevant government authorities of Hong Kong, or (d) are themselves, or are residing with anyone who is, subject to Government’s mandatory quarantine (at home or otherwise);
- (ii) on-the-spot body temperature checks must be administered on all Attendees attending the EGM. Attendees whose body temperature reading is 37.4 degrees Celsius or higher, considered to be displaying symptoms of COVID-19 or are otherwise apparently unwell will not be permitted to enter the venue of the EGM or will be asked to immediately leave the venue of the EGM as determined by the Company in its absolute discretion;
- (iii) all Attendees attending the EGM must wear surgical masks (brought by Attendees) at all times;
- (iv) no provision of refreshments or drinks; and
- (v) no provision of souvenirs or gifts.

The Company reminds Shareholders that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances. For the health and safety of Shareholders, the Company would like to remind Shareholders that physical attendance is not necessary for the purpose of exercising their voting rights and strongly recommends that Shareholders exercise their rights to vote at the EGM by appointing the Chairman of the EGM as their proxy instead of attending the EGM in person.

Due to the constantly evolving COVID-19 pandemic situation, the Company may be required to change the EGM arrangements at short notice. Shareholders should check the Company’s website (www.chinasouthcity.com) and/or the HKEXnews website (www.hkexnews.hk) for future announcements and updates on the EGM arrangements.