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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)**

## **DISCLOSEABLE TRANSACTION**

### **ACQUISITION OF LAND IN HARBIN**

#### **ACQUISITION OF LAND**

Reference is made to the announcements of the Company dated 16 June 2011 and 28 March 2012, respectively, (the “Announcements”) in relation to the development of the Harbin Project.

The Company is pleased to announce that on 16 June 2012, CSC Harbin, a wholly-owned subsidiary of the Company, has successfully bid for the land use rights to the Land (the “Acquisition”) with a total site area of 263,463.8 square meters (“sq. m.”) for a total consideration of RMB239,000,000 (equivalent to approximately HK\$293,970,000) at the Auction. The Land will be used for the development of the Harbin Project.

#### **LISTING RULES IMPLICATIONS**

It is currently anticipated that part of the properties to be developed on the Land under the Harbin Project will be offered for sale and part of such properties will be retained by the Group for rental purposes and since one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore, is subject to the reporting and announcement requirements thereunder.

## **BACKGROUND INFORMATION**

Reference is made to the Announcements. Unless otherwise defined, terms used herein shall have the same meanings as defined in the Announcements.

The Company is pleased to announce that on 16 June 2012, CSC Harbin, a wholly-owned subsidiary of the Company, has successfully bid for the land use rights to the Land with a total site area of 263,463.8 sq. m. for a total consideration (the “Consideration”) of

RMB239,000,000 (equivalent to approximately HK\$293,970,000) at the Auction. An auction confirmation (the "Auction Confirmation") dated 16 June 2012 has been entered into between the Harbin Land and Property Exchange Centre, acting on behalf of the Harbin Bureau of Land and Resources, and CSC Harbin in respect of the Acquisition. The Land will be used for the development of the Harbin Project.

It is a condition of the Acquisition that CSC Harbin shall enter into the Land Transfer Contract with Harbin Bureau of Land and Resources and pay the Consideration according to the terms and conditions of the Land Transfer Contract.

## **THE ACQUISITION**

### **Dates of the Auction and Auction Confirmation**

16 June 2012

### **Parties**

- (i) CSC Harbin
- (ii) Harbin Land and Property Exchange Centre, acting on behalf of the Harbin Bureau of Land and Resources

To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, each of the Harbin Bureau of Land and Resources and the Harbin Land and Property Exchange Centre is an independent third party of the Company and its connected persons.

### **The Land**

The Land has a total site area of 263,463.8 sq. m., comprising (i) Lot no. 2012HT005, with a site area of 109,365.1 sq. m.; and (ii) Lot no. 2012HT006, with a site area of 154,098.7 sq. m.. The term of the land use right to the Land is 40 years. The permitted use of the Land is commercial purpose.

### **Consideration**

The Consideration for the Acquisition is RMB239,000,000 (equivalent to approximately HK\$293,970,000), which was the bid price made by CSC Harbin with reference to the market price of comparable land, the prevailing market conditions in Harbin, the location of the Land and the development potential of the Land. The Consideration will be satisfied by the internal resources of the Group.

### **Payment terms**

Not less than 50% of the Consideration shall be paid within 30 days from the date of the Land Transfer Contract which is to be entered into between the Harbin Bureau of Land and Resources and CSC Harbin within 10 working days from the date of the Auction Confirmation. The deposit for the Auction in an aggregate amount of RMB47,800,000 (equivalent to approximately HK\$58,794,000), which was paid at the time of submission of the bid, will be used to settle part of the Consideration. The remaining balance of the Consideration shall be paid within 1 year from the date of the Land Transfer Contract.

The above payment arrangements of the Consideration shall be subject to the terms and conditions of the Land Transfer Contract.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the development and operation of large-scale integrated logistics and trade centers in the PRC.

The Acquisition will enable the Group to develop the Harbin Project and to expand its business network to other geographic locations across the PRC, which are strategically important to the Group's long-term prospects as well as the broadening of its revenue base. Having taken into account of the market price of comparable land and the prevailing market conditions in Harbin, the location of the Land and the development potential of the Land, the Board considers that the Consideration is fair and reasonable.

On the basis of the foregoing, the Board considers that the Acquisition is in the ordinary and usual course of business of the Group, is in the interests of the Group and its shareholders as a whole.

## LISTING RULES IMPLICATIONS

It is currently anticipated that part of the properties to be developed on the Land under the Harbin Project will be offered for sale and part of such properties will be retained by the Group for rental purposes and since one of the applicable percentage ratios for the Acquisition exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and therefore, is subject to the reporting and announcement requirements thereunder.

## DEFINITIONS

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

“Auction”	The auction held on 16 June 2012 in which the Land was put up for tender, auction and listing-for-sale by the Harbin Bureau of Land and Resources.
“CSC Harbin”	Harbin China South City Company Limited (哈爾濱華南城有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company, and is principally engaged in the development and operation of the Harbin Project.
“Harbin Bureau of Land and Resources”	哈爾濱市國土資源局 (a bureau of the Harbin Government)
“Harbin Land and Property Exchange Centre”	哈爾濱市地產交易中心 (the auctioneer of the Auction)
“Group”	the Company and its subsidiaries
“Land”	the land located in Tuan Jie Town, Daowai District, Harbin, the PRC, comprising (i) Lot no. 2012HT005 and (ii) Lot no. 2012HT006, with a total site area of

	263,463.8 sq m.
“Land Transfer Contract”	國有建設用地使用權出讓合同 (Contract for the transfer of the land use rights of the Land to be entered into between CSC Harbin and Harbin Bureau of Land and Resources )
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

*Unless otherwise specified in this announcement, translation of RMB into HK\$ is made in this announcement, for illustration purpose only, at the rate of RMB1 to HK\$1.23. No representation is made that any amount in RMB could have been or could be converted at such rate or any other rates.*

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

Hong Kong, 16 June 2012

*As at the date of this announcement, the executive directors of the Company are Mr. Cheng Chung Hing, Mr. Leung Moon Lam and Professor Xu Yang; the non-executive directors of the Company are Dr. Ma Kai Cheung, SBS, BBS, Mr. Sun Kai Lit Cliff, BBS, JP, Dr. Ma Wai Mo and Mr. Cheng Tai Po; and the independent non-executive directors of the Company are Mr. Leung Kwan Yuen Andrew, GBS, SBS, JP, Mr. Li Wai Keung and Mr. Hui Chiu Chung Stephen, JP.*