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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 HEFEI**

### **ACQUISITION OF LAND**

Reference is made to the announcement of the Company dated 1 December 2012, (the “**Announcement**”) in relation to the development of the Hefei Project.

The Company is pleased to announce that on 10 May 2013, CSC Hefei, 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 973.3 mu for a total consideration of RMB486,650,000 (equivalent to approximately HK\$608,945,000) at the Auction. The Land will be used for the development of the Hefei Project.

### **LISTING RULES IMPLICATIONS**

It is currently anticipated that part of the properties to be developed on the Land under the Hefei 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 Announcement. Unless otherwise defined, terms used herein shall have the same meanings as defined in the Announcement.

The Company is pleased to announce that on 10 May 2013, CSC Hefei, a wholly-owned subsidiary of the Company, has successfully bid for the land use rights to the Land with a total

site area of 973.3 mu for a total consideration (the “**Consideration**”) of RMB486,650,000 (equivalent to approximately HK\$608,945,000) at the Auction. An auction confirmation (the “**Auction Confirmation**”) dated 10 May 2013 has been entered into between Feixi Land Resources Bureau and CSC Hefei in respect of the Acquisition. The Land will be used for the development of the Hefei Project.

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

## **THE ACQUISITION**

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

10 May 2013

### **Parties**

- (i) CSC Hefei
- (ii) Feixi Land Resources Bureau

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

### **The Land**

The Land has a total site area of 973.3 mu, comprising (i) Lot no. [2013]5, with a site area of 475.3 mu; and (ii) Lot no. [2013]6 with a site area of 498 mu. The terms of the land use right and the permitted use of the Land is summarized as below:-

<u>Permitted Use</u>	<u>Terms of the Land Use Right</u>	<u>Site Area</u>
Commercial Purpose	40 years	220.9 mu
Market Purpose	40 years	584.2 mu
Residential Purpose	70 years	168.2 mu
	Total	<u>973.3 mu</u>

### **Consideration**

The Consideration for the Acquisition is RMB486,650,000 (equivalent to approximately HK\$608,945,000), which was the bid price made by CSC Hefei with reference to the market price of comparable land, the prevailing market conditions in Hefei, 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 1 month from the date of the Land Transfer Contract which is to be entered into between the Feixi Land Resources Bureau and CSC Hefei within 10 working days from the date of the Auction Confirmation. The deposit for the Auction in an aggregate amount of RMB100,000,000, (equivalent to approximately HK\$125,130,000), 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 9 months 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 ACQUISITIONS**

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

The Acquisitions will enable the Group to develop the Hefei 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 Hefei, 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 anticipated that part of the properties to be developed on the Land under the Hefei 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 Acquisitions 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 auctions held on 10 May 2013 in which the Land was put up for tender, auction and listing-for-sale by Feixi Land Resources Bureau.
“Board”	The board of directors of the Company

“Company”	China South City Holdings Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the Stock Exchange
“CSC Hefei ”	合肥華南城有限公司 (Hefei China South City Company Limited), 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 Hefei Project.
“Feixi Land Resources Bureau”	肥西縣國土資源局 (a bureau of the Feixi Government)
“Group”	the Company and its subsidiaries
“Land”	the Land located in Feixi county, Hefei City, Anhui Province, the PRC, comprising Lot no. [2013]5 and Lot no. [2013]6, with a total site area of 973.3 mu
“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 entered into / to be entered into between Feixi Land Resources Bureau and CSC Hefei)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

*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\$1.2513. 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, 10 May 2013

*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, Mr. Hui Chiu Chung Stephen, JP and Mr. Yung Wing Ki Samuel, SBS, MH, JP.*