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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)

Voluntary Announcement Strategic Investment in Makepolo Inc.

Investment and Co-operation Agreement

The Board is pleased to announce that in order to enable the Group to further pursue its strategic development in e-commerce business, and the development of the Group's O2O business eco-system for creating extensive integration of online and offline trade services business opportunities, on 15 September 2014, Time Epoch, an indirect wholly owned subsidiary of the Company, entered into the Investment and Co-operation Agreement with, inter alia, Makepolo, pursuant to which Time Epoch has agreed to subscribe and Makepolo agreed to issue 7,058,824 Series B Preferred Shares (representing approximately 19.05% equity interest in Makepolo, calculated based on a post completion and fully diluted basis) for USD22,500,000 (equivalent to approximately HK\$175,500,000). Both parties will explore collaboration opportunities by leveraging on their strategic resources in driving the integration of online and offline trade services, striving to establish a leading O2O eco-industrial chain for SMEs in China.

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Reasons and benefits for the Investment and Co-operation

The Group is the leading large-scale integrated logistics and trade centers developer and

operator in China by gross floor area. Makepolo.com as operated by Makepolo is one of the largest B2B procurement trading platforms of SMEs in China. The Group has physical large-scale trade and logistics centers in eight provincial capitals and municipalities as well as B2B and B2C e-commerce platforms – csc86.com and aolaigo.com. With its trade and logistics centers capabilities and in combination with Makepolo’s more than 12 million registered SMEs users and more than 500 million stock keeping units of product information flow in its database, we believe the partnership will create an extensive nationwide customers and product information network in China.

The parties will explore the development of in-depth trade services for SMEs (including Weixin merchants alliance, O2O business eco-system, internet finance services, warehousing and logistics and trade center display), building and continuously enhancing an eco-industrial chain of SMEs fully integrating online and offline operations. The Company believes that the co-operation will help the Group further pursue its strategic development of e-commerce expansion, and to develop the “Physical + Online” business eco-system in order to create more business opportunities for the Group while integrating the online and offline trade services.

Information of Makepolo

Makepolo was founded in 2006 and is one of the leading procurement trading platforms in China. Currently, it has approximately 12 million registered SMEs users and more than 500 million stock keeping units of product information flow in its database, which has evolved to be one of the largest B2B procurement search and data platforms in China. In April 2013, Makepolo.com entered the internet finance sector to provide its SME users with third-party internet finance services based on big data technology, and the provision of a series of financial services offered to users for their procurement transactions. Its strategic investors include the investment funds of Intel Capital Corporation and LB Investment.

Definitions

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

“Board”	the Board of Directors
“Company” or “China South City”	China South City Holdings Limited, a company incorporated in Hong Kong whose shares are listed on the Main Board of the The Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Investment and Co-operation Agreement”	the conditional Series B Preferred Share Investment and Co-operation Agreement entered into between, inter alia, Time Epoch and Makepolo on 15 September 2014, in relation to the subscription by Time Epoch of 7,058,824 Series B Preferred Shares in Makepolo subject to the terms and conditions as contained therein
“Makepolo”	Makepolo Inc., a company incorporated in Cayman Islands with limited liability
“Series B Preferred Share”	the series B convertible redeemable preferred shares in the share capital of Makepolo
“SMEs”	the small and medium-sized enterprises
“Time Epoch”	Time Epoch Holdings Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 15 September 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Cheng Chung Hing, Mr. Leung Moon Lam and Mr. Fung Sing Hong Stephen; the non-executive Directors of the Company are Dr. Ma Kai Cheung, SBS, BBS, Mr. Sun Kai Lit Cliff, BBS, JP, Dr. Ma Wai Mo, Mr. Cheng Tai Po and Mr. Lin Ching Hua; and the independent non-executive Directors of the Company are Mr. Leung Kwan Yuen Andrew, GBS, SBS, JP, Mr. Li Wai Keung, Mr. Hui Chiu Chung Stephen, JP and Mr. Yung Wing Ki Samuel, SBS, MH, JP.

For the purpose of this announcement, unless stated otherwise, the conversion of USD into HK\$ is based on exchange rate of USD1.00 = HK\$7.8 are for reference purpose only.