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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)

Proposed Issue of Domestic Company Bonds in the PRC

The Board is pleased to announce the Company's wholly-owned subsidiary, China South International, has obtained the relevant approval for the proposed issue of Domestic Company Bonds in an aggregate maximum principal amount of RMB4.4 billion in the PRC. The Domestic Company Bonds will be issued in multiple tranches and, if proceeded with, the issuance of the first tranche and the remaining tranches are expected to be completed within 12 months and 24 months from the date of approval respectively.

China South International has published the issuance of the first tranche of the Domestic Company Bonds in the total principal amount of RMB3.0 billion with a term of three years from the date of issue in the PRC. The Domestic Company Bonds will be issued to the qualified investors in the PRC. In connection with the issuing of the Domestic Company Bonds, China South International has published an offering circular of the Domestic Company Bonds and other related documents in the PRC. The main purpose of the proceeds raised from the issue of the Domestic Company Bonds is to optimize the Group's debt structure and to further broaden the Group's financing channels.

The Board is pleased to announce the Company's wholly-owned subsidiary, China South International, has obtained the approval from the China Securities Regulatory Commission (中國證券監督管理委員會) for the proposed issue of domestic company bonds ("**Domestic Company Bonds**") in an aggregate maximum principal amount of RMB4.4 billion to the qualified investors in the PRC. The Domestic Company Bonds will be issued in multiple tranches and if proceeded with, the issuance of the first and the remaining tranches are expected to be completed within 12 months and 24 months from the date of approval respectively.

China South International has published the issuance of first tranche of the Domestic Company Bonds in the total principal amount of RMB3.0 billion with a term of three years from the date of issue in the PRC. The Domestic Company Bonds will be issued to the qualified investors in the PRC.

The principal terms of the first tranche of the proposed Domestic Company Bonds in 2016 to be issued are as follows:

Issuer:	China South International
Amount of the Domestic Company Bonds:	RMB3.0 billion
Term of the Domestic Company Bonds:	3 years
Guarantor:	The Company will provide an irrevocable joint and several liability guarantee on the entire principal amount of the Domestic Company Bonds.
Lead underwriter:	Dongxing Securities Co., Limited* (東興證券股份有限公司)
Purpose of the issue of the Domestic Company Bonds and use of proceeds:	The Domestic Company Bonds issuance will further extend the financing channels of the Group and the proceeds will be used for optimizing the Group's debt structure and general working capital
Rating of the Issuer and the Domestic Company Bonds:	The Issuer and the Domestic Company Bonds were rated AA rating and AA+ rating respectively by Golden Credit Rating International Co., Ltd* (東方金誠國際信用評估有限公司)

In connection with the issuing of the Domestic Company Bonds, China South International has published, amongst others, an offering circular of the Domestic Company Bonds, the credit rating report of China South International for the year 2015, and other related documents in the PRC. An announcement and other related documents issued by China South International in connection with the proposed issue of the Domestic Company Bonds have been published on Securities Times and the website of the Shenzhen Stock Exchange (www.szse.cn). Shareholders and potential investors are reminded that such documents were prepared in accordance with the requirements in the PRC and, besides China South International and its subsidiaries, the Company also owned other subsidiaries. As such, the information contained therein does not provide a full picture of the status of the Group.

The issue of the Domestic Company Bonds is subject to the market conditions and the satisfaction of certain conditions and it may or may not be proceeded with. If the proposed issue of the Domestic Company Bonds materialized or is proceeded with, further announcement(s) will be made by the Company in accordance with the Listing Rules if and when required. The potential investors and Shareholders are advised to exercise caution when dealing in the securities of the Company.

The issue of the Domestic Company Bonds will not constitute any transaction under Chapter 14 and Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“China South International”	華南國際工業原料城（深圳）有限公司（China South International Industrial Materials City (Shenzhen) Co., Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary 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 of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	The People’s Republic of China, for the purposes of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	Shareholders of the Company

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

Hong Kong, 12 January 2016

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, 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, JP, Mr. Li Wai Keung, Mr. Hui Chiu Chung, JP and Mr. Yung Wing Ki Samuel, SBS, MH, JP.

**For identification purposes only*