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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)

INSIDE INFORMATION
LETTER OF INTENT ENTERED INTO BETWEEN
MR. CHENG CHUNG HING AND CENTRALCON HOLDING

THE LETTER OF INTENT

The Board of the Company wishes to announce that it has been informed by Mr. Cheng Chung Hing, the Co-Chairman and Executive Director of the Company, that on 27 October 2016, Mr. Cheng entered into the Letter of Intent with Centralcon Holding, a company incorporated in the People's Republic of China and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000042), in relation to the proposed share transfer of an aggregate of 1,857,196,831 shares in the Company, representing approximately 23.20% of the total issued share capital of the Company. Upon completion of the Proposed Transaction, Centralcon Holding will own 1,857,196,831 shares in the Company (representing approximately 23.20% of the total issued share capital of the Company) and will become the single largest shareholder and a substantial shareholder of the Company.

As informed by Mr. Cheng, the parties to the Letter of Intent intend that upon completion of the Proposed Transaction, by leveraging on the respective strength of Centralcon Holding and the Company in the residential development and the integrated logistics and trade centers business as well as their resources as listed companies in both PRC and Hong Kong, the introduction of Centralcon Holding as a substantial shareholder of the Company shall provide synergy and strengthen the competitiveness of the two companies.

Mr. Cheng is optimistic in the business outlook of the Company and Centralcon Holding, and is actively looking into investment opportunities in Centralcon Holding and become an important shareholder of Centralcon Holding (including, without limitation, participating in the issuance of A share of Centralcon Holding), subject to the compliance with the applicable laws and other regulations.

Pursuant to the Letter of Intent, the parties agreed that the consideration of the Targeted Shares shall be not less than HK\$1.80 and not more than HK\$2.20 per share of the Company and shall be paid by cash. Upon completion of the Proposed Transaction, Mr. Cheng will remain as the Co-Chairman and Executive Director of the Company.

Save for the provisions in relation to exclusivity period, confidentiality, governing law and jurisdiction, the terms of the Letter of Intent are not legally binding on the parties in respect of the Proposed Transaction and is subject to the parties entering into of the formal agreement.

The transaction contemplated under the Letter of Intent may or may not materialise and is subject to the entering of formal agreement. Shareholders and potential investors of the Company should exercise caution when dealing or investing in the securities of the Company.

This announcement is made by China South City Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE LETTER OF INTENT

The board of directors (the “**Board**”) of the Company wishes to announce that it has been informed by Mr. Cheng Chung Hing (“**Mr. Cheng**”), the Co-Chairman and Executive Director of the Company, that on 27 October 2016, Mr. Cheng entered into a letter of intent (the “**Letter of Intent**”) with 深圳市中洲投資控股股份有限公司 (Shenzhen Centralcon Investment Holding Co., Ltd.*), a company incorporated in the People’s Republic of China and the shares of which are listed on the Shenzhen Stock Exchange (stock code: 000042) (“**Centralcon Holding**”), in relation to the proposed share transfer (the “**Proposed Transaction**”) of an aggregate of 1,857,196,831 shares in the Company (the “**Targeted Shares**”), representing approximately 23.20% of the total issued share capital of the Company.

Reasons for the Proposed Transaction

As informed by Mr. Cheng, the parties to the Letter of Intent intend that upon completion of the Proposed Transaction, by leveraging on their respective strength of Centralcon Holding and the Company in the residential development and the integrated logistics and trade centers business as well as their resources as listed companies in both PRC and Hong Kong, the introduction of Centralcon Holding as a substantial shareholder of the Company shall provide synergy and strengthen the competitiveness of the two companies.

Mr. Cheng is optimistic in the business outlook of the Company and Centralcon Holding, and is actively looking into investment opportunities in Centralcon Holding and become an important shareholder of Centralcon Holding (including, without limitation, participating in the issuance of A share of Centralcon Holding), subject to the compliance with the applicable laws and other regulations.

As at the date of this announcement, Mr. Cheng held, directly and indirectly, 1,857,196,831 shares in the Company (representing approximately 23.20% of the total issued share capital of the Company). Upon completion of the Proposed Transaction, Centralcon Holding will own

1,857,196,831 shares in the Company (representing approximately 23.20% of the total issued share capital of the Company) and will become the single largest shareholder and a substantial shareholder of the Company.

Consideration

Pursuant to the Letter of Intent, the parties agreed that the consideration of the Targeted Shares shall be not less than HK\$1.80 and not more than HK\$2.20 per share of the Company and shall be paid by cash.

Mr. Cheng's position

Currently, Mr. Cheng is the Co-Chairman and Executive Director of the Company. The parties agreed that upon completion of the Proposed Transaction, Mr. Cheng will remain as the Co-Chairman and Executive Director of the Company.

Exclusivity period

Mr. Cheng agreed that he shall not, during the period of four months from the date of the Letter of Intent, directly or indirectly, enter into any discussion or negotiation with any other third parties relating to the Proposed Transaction (the "**Exclusivity Period**").

Legal effect

Save for the provisions in relation to exclusivity period, confidentiality, governing law and jurisdiction, the terms of the Letter of Intent are not legally binding on the parties in respect of the Proposed Transaction and is subject to the parties entering into of the formal agreement.

General

Centralcon Holding, formally known as 深圳市長城投資控股股份有限公司 (Shenzhen Changcheng Investment Holding Co., Ltd.*), was established in 1984 and became a listed public company after its conversion to a joint stock company in 1994 (stock code: 000042). Centralcon Holding is an enterprise qualified as a Class I Real Property Developer in the PRC. Its main business is property development and the scope of its business covers, among others, hotel operations, asset management, business management, and investments. Currently, Centralcon Holding has projects in the Pearl River Delta, Yangtze River Delta, Sichuan and Chongqing, as well as the Bohai Basin.

As informed by Mr. Cheng, to his best knowledge, Centralcon Holding and its ultimate controlling shareholder are independent third parties of the Company and its connected persons (as defined under the Listing Rules).

The Company will issue further announcements to update investors regarding the progress of the Proposed Transaction.

The transaction contemplated under the Letter of Intent may or may not materialise and is subject to the entering of formal agreement. Shareholders and potential investors of the Company should exercise caution when dealing or investing in the securities of the Company.

By Order of the Board
China South City Holdings Limited
Fung Sing Hong Stephen
Executive Director and Chief Executive Officer

Hong Kong, 27 October 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, 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, JP and Mr. Yung Wing Ki Samuel, SBS, MH, JP.

** For identification purposes only*