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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 TRANSACTIONS ACQUISITION OF LANDS IN ZHENGZHOU

ACQUISITION OF LANDS

The Company hereby announces that on 29 July 2016, 10 August 2016 and 4 November 2016, CSC Zhengzhou, a wholly-owned subsidiary of the Company, has successfully bid for the land use rights of the Lands with an aggregate site area of approximately 959,620 sq.m. (with attributable GFA of approximately 2,972,320 sq.m.) at Total Consideration of RMB1,570,680,000 (equivalent to approximately HK\$1,799,213,940) at the Auctions. The Lands are intended to be used for the development of the Zhengzhou Project.

LISTING RULES IMPLICATIONS

It is currently anticipated that part of the properties to be developed on the Lands under the Zhengzhou Project will be offered for sale and part of which will be retained by the Group for rental purposes. Since the Acquisitions are completed within a 12 month period and are otherwise related, and when aggregated the Acquisitions, one of the applicable percentage ratios for the Acquisitions exceeds 5% but is less than 25%, the Acquisitions in aggregation constitute 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

The Company hereby announces that on 29 July 2016, 10 August 2016 and 4 November 2016, CSC Zhengzhou, a wholly-owned subsidiary of the Company, has successfully bid for the land use rights to the Lands (the “**Acquisitions**”) with an aggregate site area of approximately 959,620 sq.m. (with attributable gross floor area (“**GFA**”) of approximately 2,972,320 sq.m.) at an aggregated consideration of RMB1,570,680,000 (equivalent to approximately HK\$1,799,213,940) (the “**Total Consideration**”) at the Auctions. The respective Auctions confirmations dated 2 August 2016, 10 August 2016 and 4 November 2016 (the “**Auction**

Confirmations) have been entered into between the Bureau of Land and Resources of Zhengzhou and CSC Zhengzhou in respect of the Acquisitions. The Lands are intended to be used for the development of the Zhengzhou Project.

It is a condition of the Acquisitions that CSC Zhengzhou shall enter into the Land Transfer Contracts with the Bureau of Land and Resources of Zhengzhou and pay the Total Consideration according to the terms and conditions of the Land Transfer Contracts.

THE ACQUISITIONS

Dates of the Auctions

29 July 2016, 10 August 2016 and 4 November 2016

Parties

- (i) CSC Zhengzhou
- (ii) The Bureau of Land and Resources of Zhengzhou

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

The Lands

The lands acquired through the Auctions (the “**Lands**”) comprised of lot numbers and other relevant details listed below:-

<u>Land Lot No.</u>	<u>Date of the Auctions</u>	<u>Permitted Use</u>	<u>Terms of the Land Use Right</u>	<u>Consideration (RMB)</u>	<u>Site Area (square meters)</u>
新鄭出(2016)028號	29 July 2016	Commercial	40 years	24,660,000	13,584.58
新鄭出(2016)029號	29 July 2016	Commercial	40 years	109,490,000	66,351.97
新鄭出(2016)030號	10 August 2016	Commercial	40 years	197,750,000	143,292.79
新鄭出(2016)031號	10 August 2016	Commercial	40 years	214,620,000	155,521.23
新鄭出(2016)040號	4 November 2016	Residential	70 years	111,040,000	48,906.00
新鄭出(2016)041號	4 November 2016	Residential	70 years	113,750,000	49,888.00
新鄭出(2016)042號	4 November 2016	Residential	70 years	109,380,000	47,943.58
新鄭出(2016)043號	4 November 2016	Residential	70 years	112,240,000	49,441.23

新鄭出(2016)044號	4 November 2016	Residential	70 years	100,230,000	44,101.53
新鄭出(2016)045號	4 November 2016	Commercial	40 years	259,150,000	184,836.03
新鄭出(2016)046號	4 November 2016	Commercial	40 years	<u>218,370,000</u>	<u>155,753.42</u>
			Total	1,570,680,000	959,620.36

Total Consideration

The aggregated consideration for the Acquisitions is RMB1,570,680,000 (equivalent to approximately HK\$1,799,213,940), which were the bid prices made by CSC Zhengzhou with reference to the market price of comparable land, prevailing market conditions as well as the location and the development potential of the Lands. Total Consideration will be satisfied by internal resources of the Group.

Payment terms

The aggregated consideration of RMB546,520,000 (equivalent to approximately HK\$626,038,660) for the lands acquired on 29 July 2016 and 10 August 2016 had been paid in accordance with the Land Transfer Contracts for the relevant lands which were entered into between CSC Zhengzhou and Bureau of Land and Resources of Zhengzhou. Deposits paid at the time of submissions of the bids for lands acquired on 4 November 2016 will be used to settle part of its respective consideration. The Land Transfer Contracts for these parcels of lands will be entered into between CSC Zhengzhou and the Bureau of Land and Resources of Zhengzhou within 10 working days from the date of the Auction Confirmations. The above payment arrangements of the consideration shall be subject to the terms and conditions of the Land Transfer Contracts.

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 Zhengzhou Project which is 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 lands and prevailing market conditions as well as the location and the development potential of the Lands, the Board considers that the Total Consideration is fair and reasonable. The Land is intended to be used for the development of the Zhengzhou Project

On the basis of the foregoing, the Board considers that the Acquisitions were entered into on normal commercial terms, and are in the ordinary and usual course of business of the Group, are 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 Lands under the Zhengzhou Project will be offered for sale and part of which will be retained by the Group for rental purposes. Since the Acquisitions are completed within a 12 month period and are otherwise related, and when aggregated the Acquisitions, one of the applicable percentage ratios for the Acquisitions exceeds 5% but is less than 25%, the Acquisitions in aggregation constitute 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:

“Auctions”	The auctions held on 29 July 2016, 10 August 2016 and 4 November 2016 in which the Lands were put up for tenders, auctions and listing-for-sale by the Bureau of Land and Resources of Zhengzhou.
“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 Zhengzhou”	鄭州華南城有限公司 (Zhengzhou 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 Zhengzhou Project.
“connected persons”	has the meaning ascribed to it under the Listing Rules
“The Bureau of Land and Resources of Zhengzhou”	鄭州市國土資源局 (a bureau of the Zhengzhou Government)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Land Transfer Contracts”	國有建設用地使用權出讓合同 (Contracts for the transfer of the land use rights of the Land entered into / to be entered into between the Bureau of Land and Resources of Zhengzhou and CSC Zhengzhou)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan areas
“RMB”	Renminbi, the lawful currency of the PRC
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhengzhou Project”	the construction and development of a large-scale integrated logistics and trade center in Zhengzhou City, Henan Province, the PRC
“%”	per cent.

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\$1.1455. 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, 4 November 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.