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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)

MAJOR TRANSACTION

ACQUISITION OF LAND USE RIGHTS IN HEFEI CITY

ACQUISITION OF LAND USE RIGHTS

The Company hereby announces that on 13 July 2017, CSC Hefei, a wholly-owned subsidiary of the Company, has bid for the land use rights of the Land with a site area of approximately 325,441 sq. m. at the Consideration of RMB3,210,000,000 (equivalent to approximately HK\$3,691,500,000) through the Listing-for-sale.

The Land is intended to be used for the development of the Hefei Project. 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 which will be retained by the Group for investment purposes.

LISTING RULES IMPLICATIONS

Since one of the applicable percentage ratios for the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules. The Acquisition is regarded as a “qualified property acquisition” under Rule 14.04(10C) of the Listing Rules as the Acquisition involves an acquisition of governmental land from a PRC Governmental Body (as defined under the Listing Rules) through a listing-for-sale governed by the PRC law (as defined under the Listing Rules). The Acquisition is subject to reporting, announcement and circular requirements but is exempt from shareholders’ approval requirement pursuant to Rule 14.33A of the Listing Rules.

GENERAL

A circular will be dispatched to the Shareholders as soon as practicable in accordance with the Listing Rules setting out, among others, further details of the Acquisition. The circular is expected to be dispatched on or before 18 August 2017, so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

BACKGROUND INFORMATION

The Company hereby announces that on 13 July 2017, CSC Hefei, a wholly-owned subsidiary of the Company, has bid for the land use rights of the Land (the “**Acquisition**”) with a site area of approximately 325,441 sq. m. at the consideration of RMB3,210,000,000 (equivalent to approximately HK\$3,691,500,000) (the “**Consideration**”) through the Listing-for-sale. The transaction confirmation dated 13 July 2017 (the “**Transaction Confirmation**”) has been entered into between the Bureau of Land and Resources of Hefei City and CSC Hefei in respect of the Acquisition on 13 July 2017.

The Land is intended to 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 the Bureau of Land and Resources of Hefei City before 27 July 2017 and pay the Consideration according to the terms and conditions of the Land Transfer Contract.

THE ACQUISITION

Date of the Listing-for-sale

13 July 2017

Parties

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

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

The Land

The lot number and other relevant details of the land acquired through the Listing-for-sale (the “**Land**”) are set out below:-

<u>Land Lot No.</u>	<u>Date of the Transaction</u>	<u>Permitted Use</u>	<u>Terms of the Land Use Right</u>	<u>Plot Ratio (times)</u>	<u>Site Area (sq. m.)</u>
Fei Xi [2017] No. 4	13 July 2017	Commercial	40 years	2.5	180,834.24
		Residential	70 years	2.2	<u>144,607.39</u>
Total					325,441.63

Total Consideration

The consideration for the Acquisition is RMB3,210,000,000 (equivalent to approximately HK\$3,691,500,000), which was the bid price made by CSC Hefei with reference to the market price of comparable land, prevailing market conditions as well as the location and the development potential of the Land. The Consideration will be satisfied by internal resources of the Group.

Expected payment terms

A deposit of RMB600,000,000 (equivalent to approximately HK\$690,000,000) paid at the time of submission of the bid will be used to settle part of the Consideration. CSC Hefei will be required to settle the balance of the Consideration within 30 days from the date of the Land Transfer Contract. The

above payment arrangement of the Consideration shall be subject to the terms and conditions of the Land Transfer Contract.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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

The Acquisition will enable the Group to develop the Hefei 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 Land, the Board considers that the Consideration is fair and reasonable. The Land is intended to be used for the development of the Hefei Project. 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 which will be retained by the Group for investment purposes.

On the basis of the foregoing, the Board considers that the Acquisition was entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and is in the interests of the Group and its shareholders as a whole.

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DEFINITIONS

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

"Board"	the board of directors of the Company
"Bureau of Land and Resources of Hefei City"	合肥市國土資源局 (a bureau of the Hefei City Government)
"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.

“connected persons”	has the meaning ascribed to it under the Listing Rules
“Group”	the Company and its subsidiaries
“Hefei Project”	the construction and development of a large-scale integrated logistics and trade center in Hefei City, An Hui Province, the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“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) to be entered into between the Bureau of Land and Resources of Hefei City and CSC Hefei in respect of the Land
“Listing-for sale”	the listing-for-sale transaction held by the Bureau of Land and Resources of Hefei City
“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
“%”	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\$1.15. 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, 13 July 2017

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Chung Hing, Mr. Fung Sing Hong Stephen, Mr. Song Chuan and Ms. Cheng Ka Man Carman; 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, Mr. Leung Moon Lam, BBS, 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.