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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
IN RELATION TO
THE DEVELOPMENT OF AN INTEGRATED LOGISTICS PROJECT IN HARBIN**

The Board is pleased to announce that on 16 June 2011, the Harbin Government, the Harbin Daowai Government, China South International and Howard entered into the Framework Agreement pursuant to which China South International and Howard agreed in principle to undertake the construction and development of the Harbin Project.

It is anticipated that the Harbin Project will involve the development of a large-scale integrated logistics and trade centers and construction of commercial and residential facilities, which, subject to further negotiations, will have an estimated total land area of approximately 10 square kilometers. It is anticipated that, subject to further negotiations and the arrangement of the Harbin JV, the investment amount for the Harbin Project is preliminarily estimated to be approximately RMB20 billion (equivalent to approximately HK\$24 billion). The Harbin Project will be developed in phases and the development is expected to be more than 10 years.

Details of the Harbin Project would be further negotiated among the parties to the Framework Agreement and definitive agreement(s) will be further entered into setting out the details of the Harbin Project.

For the purpose of the Harbin Project, China South International and Howard will establish the Harbin JV to undertake the Harbin Project and the JV Agreement will be entered into for the establishment and management of the Harbin JV. It is contemplated that the Harbin JV would be owned as to 51% by China South International and 49% by Howard. It is also preliminarily anticipated that the total capital commitment to be contributed by the parties to the JV Agreement, including the registered capital of the Harbin JV and other form of financing arrangement if necessary, would be approximately RMB2 billion (equivalent to approximately HK\$2.4 billion). Details of the Harbin JV would be further negotiated between the parties and governed by the JV Agreement to be signed by the parties.

As at the date of this announcement, the cooperation among the Harbin Government, the Harbin Daowai Government, China South International and Howard under the Framework Agreement is at a preliminary stage and subject to further negotiations. No definitive agreement has been entered into among the Harbin Government, the Harbin Daowai Government, China South International and Howard in relation to the details of the Harbin Project and the JV Agreement is yet to be signed. Further announcement(s) will be made by the Company in relation to the Harbin Project as and when appropriate.

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”	China South International Materials City (Shenzhen) Co., Ltd. (華南國際工業原料城(深圳)有限公司), 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
“Framework Agreement”	the framework agreement dated 16 June 2011 entered into between the Harbin Government, the Harbin Daowai Government, China South International and Howard in relation to the Harbin Project
“Harbin Daowai Government”	哈爾濱市道外區人民政府 (the government of the Daowai district of Harbin, the PRC)
“Harbin Government”	哈爾濱市人民政府 (the government of Harbin, the PRC)
“Harbin JV”	a company to be jointly established by China South International and Howard pursuant to the JV Agreement, the interests of which will be held as to 51% by China South International and 49% by Howard
“Harbin Project”	the project for the development of a large-scale integrated logistics centre in the Daowai district of Harbin, the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Special Administrative Region of the PRC
“Howard”	Hong Kong Howard Group (Holdings) Company Limited, a company incorporated in Hong Kong and is indirectly wholly owned by Mr. Wong Choi Hing, a director of Xi’an China South City Co., Ltd., a subsidiary of the Company
“JV Agreement”	the joint venture agreement to be entered into between China South International and Howard in connection with the establishment and management of the Harbin JV
“PRC”	the People’s Republic of China
“RMB”	Renminbi yuan, the lawful currency of 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\$1.2013. 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, 16 June 2011

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Chung Hing, Mr. Leung Moon Lam and Professor Xu Yang; 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 and Mr. Cheng Tai Po; 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. Shi Wan Peng.