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華南城

China South City Holdings Limited
華南城控股有限公司

(incorporated in Hong Kong with limited liability)
(Stock Code: 1668)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL HIGHLIGHTS

	For the year ended 31 March		
	2021	2020	**Change**
	HK$'000	*HK$'000*	
Contracted sales	**16,148,856**	13,514,126	19.5%
Revenue	**11,309,304**	9,887,654	14.4%
Among which, Recurring income	**2,765,366**	2,411,919	14.7%
Gross profit margin	**43.7%**	45.7%	
Core net profit attributable to owners of the parent*	**1,885,622**	1,553,250	21.4%
Profit attributable to owners of the parent	**2,415,498**	2,633,141	–8.3%
Earnings per share – Basic	**HK29.85 cents**	HK32.47 cents	
Gearing ratio	**67.6%**	67.2%	
Proposed final dividend per share	**HK3.0 cents**	HK3.0 cents	

* Mainly represents the net profit attributable to owners of the parent excluding fair value gains on investment properties and certain tax effects, impairment of goodwill and loss of forward contracts, etc..

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 MARCH 2021

The board of directors (the "**Board**") of China South City Holdings Limited (the "**Company**"), together with its subsidiaries ("**China South City**" or the "**Group**") announces herewith the consolidated annual results of the Group for the year ended 31 March 2021 ("**FY2020/21**" or the "**Year**") together with the comparative figures for the previous year (year ended 31 March 2020 ("**FY2019/20**")) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2021

		For the year ended 31 March	
		2021	2020
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**11,309,304**	9,887,654
Cost of sales		**(6,365,099)**	(5,365,007)
Gross profit		**4,944,205**	4,522,647
Other income and (losses)/gains	*4*	**(20,753)**	487,217
Fair value gains on investment properties	*4*	**1,054,256**	1,677,947
Selling and distribution expenses		**(486,088)**	(484,712)
Administrative expenses		**(1,041,540)**	(1,001,916)
Other expenses		**(409,630)**	(212,803)
Finance costs	*6*	**(638,363)**	(517,621)
PROFIT BEFORE TAX	*5*	**3,402,087**	4,470,759
Income tax expenses	*7*	**(986,958)**	(1,842,611)
PROFIT FOR THE YEAR		**2,415,129**	2,628,148
Attributable to:			
Owners of the parent		**2,415,498**	2,633,141
Non-controlling interests		**(369)**	(4,993)
		2,415,129	2,628,148
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic			
– for profit for the year		**HK29.85 cents**	HK32.47 cents
Diluted			
– for profit for the year		**HK29.85 cents**	HK32.47 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	For the year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**2,415,129**	2,628,148
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**4,280,977**	(3,410,861)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**4,280,977**	(3,410,861)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**6,696,106**	(782,713)
Attributable to:		
Owners of the parent	**6,684,377**	(758,049)
Non-controlling interests	**11,729**	(24,664)
	6,696,106	(782,713)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Notes	**31 March 2021 HK$'000**	31 March 2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**949,329**	1,451,308
Investment properties		**55,695,354**	50,873,673
Right-of-use assets		**993,811**	1,424,217
Properties under development		**2,499,166**	1,120,379
Goodwill		**–**	34,128
Financial assets at fair value through profit or loss		**9,214**	8,524
Other long-term receivables		**807,013**	587,944
Deposits paid for purchase of land use rights		**15,985**	29,799
Deferred tax assets		**3,358,987**	3,550,178
Total non-current assets		**64,328,859**	59,080,150
CURRENT ASSETS			
Properties held for finance lease		**212,451**	259,431
Properties held for sale		**42,259,146**	40,065,384
Inventories		**55,894**	109,087
Trade receivables	*10*	**824,705**	560,891
Contract assets		**–**	161,830
Prepayments, other receivables and other assets		**3,407,024**	2,536,396
Financial assets at fair value through profit or loss		**12,069**	357,342
Cash and bank balances		**9,442,782**	10,303,541
Total current assets		**56,214,071**	54,353,902
CURRENT LIABILITIES			
Trade and other payables	*11*	**11,281,121**	15,589,798
Contract liabilities		**16,212,034**	15,578,700
Interest-bearing bank and other borrowings		**7,232,328**	8,200,428
Senior notes		**7,681,918**	5,356,119
Medium-term notes		**60,343**	55,820
Financial liabilities at fair value through profit or loss		**19,010**	–
Domestic company bonds		**1,378,177**	1,277,098
Tax payables		**3,921,272**	4,241,087
Total current liabilities		**47,786,203**	50,299,050
NET CURRENT ASSETS		**8,427,868**	4,054,852
TOTAL ASSETS LESS CURRENT LIABILITIES		**72,756,727**	63,135,002

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 31 March 2021

	31 March 2021 HK$'000	31 March 2020 HK$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**11,666,645**	8,920,685
Senior notes	**8,265,791**	8,963,385
Medium-term notes	**705,279**	651,847
Domestic company bonds	**354,960**	328,350
Other long-term payables	**36,044**	122,732
Deferred tax liabilities	**10,431,458**	9,265,483
Total non-current liabilities	**31,460,177**	28,252,482
Net assets	**41,296,550**	34,882,520
EQUITY		
Equity attributable to owners of the parent		
Share capital	**7,222,312**	7,222,312
Other reserves	**34,056,569**	27,610,414
	41,278,881	34,832,726
Non-controlling interests	**17,669**	49,794
Total equity	**41,296,550**	34,882,520

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited financial information relating to the year ended 31 March 2021 and the financial information related to the year ended 31 March 2020 included in this preliminary announcement of annual results for the year ended 31 March 2021 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2020, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 March 2021 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the year ended 31 March 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on these financial statements for the year ended 31 March 2020. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKFRS 16	*COVID-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The adoption of the other standards did not require the Group to change its accounting policies or make retrospective adjustments as they did not have a material effect on the Group's financial statements.

2.2 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

3. OPERATING SEGMENT INFORMATION

	Property Development HK$'000	Property Investment and Management HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2021				
Segment revenue:				
Sales to external customers	8,543,938	1,523,386	1,241,980	11,309,304
Segment results before increase in fair value of investment properties and impairment of goodwill	3,510,211	1,072,242	569,062	5,151,515
Increase in fair value of investment properties	–	1,054,256	–	1,054,256
Impairment of goodwill	–	–	(34,128)	(34,128)
Segment results after increase in fair value of investment properties and impairment of goodwill	3,510,211	2,126,498	534,934	6,171,643
Unallocated cost of sales				(207,310)
Interest income				105,820
Fair value losses on financial assets/liabilities at fair value through profit or loss, net				(17,966)
Losses on disposal of financial assets/liabilities at fair value through profit or loss, net				(214,421)
Unallocated income and gains				105,814
Unallocated expenses				(1,903,130)
Finance costs				(638,363)
Profit before tax				3,402,087
As at 31 March 2021				
Segment assets	54,277,006	50,145,678	3,193,034	107,615,718
Reconciliation:				
Unallocated assets				12,927,212
Total assets				120,542,930
Segment liabilities	20,304,589	8,948,257	1,109,604	30,362,450
Reconciliation:				
Unallocated liabilities				48,883,930
Total liabilities				79,246,380
Other segment information:				
Depreciation and amortisation	156,446	24,306	95,270	276,022
Capital expenditure*	2,446,700	428,583	4,479	2,879,762

	Property Development HK$'000	Property Investment and Management HK$'000	Others HK$'000	Total HK$'000
Year ended 31 March 2020				
Segment revenue:				
Sales to external customers	7,475,735	1,344,130	1,067,789	9,887,654
Segment results before increase in fair value of investment properties and impairment of goodwill	3,465,958	905,948	417,328	4,789,234
Increase in fair value of investment properties	–	1,677,947	–	1,677,947
Impairment of goodwill	–	(14,983)	–	(14,983)
Segment results after increase in fair value of investment properties and impairment of goodwill	3,465,958	2,568,912	417,328	6,452,198
Unallocated cost of sales				(266,587)
Interest income				99,617
Fair value gains on financial assets at fair value through profit or loss, net				8,638
Unallocated income and gains				378,962
Unallocated expenses				(1,684,448)
Finance costs				(517,621)
Profit before tax				4,470,759
As at 31 March 2020				
Segment assets	47,527,066	49,932,093	2,468,746	99,927,905
Reconciliation:				
Unallocated assets				13,506,147
Total assets				113,434,052
Segment liabilities	18,865,279	7,830,825	998,545	27,694,649
Reconciliation:				
Unallocated liabilities				50,856,883
Total liabilities				78,551,532
Other segment information:				
Depreciation and amortisation	132,083	27,577	78,714	238,374
Capital expenditure*	4,512,097	386,822	98,514	4,997,433

* Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments included in right-of-use assets, properties under development and investment properties.

4. REVENUE, OTHER INCOME AND (LOSSES)/GAINS, AND FAIR VALUE GAINS ON INVESTMENT PROPERTIES

An analysis of revenue, other income and (losses)/gains is as follows:

	For the year ended 31 March	
	2021	2020
	HK\$'000	*HK\$'000*
Revenue*		
Revenue from contracts with customers	**9,932,697**	8,766,047
Revenue from other sources		
Rental income	**866,226**	733,407
Finance lease income	**117,276**	46,842
Others	**393,105**	341,358
	11,309,304	9,887,654
Other income		
Interest income	**105,820**	99,617
Government grants**	**150,843**	267,467
Others	**7,290**	46,867
	263,953	413,951
(Losses)/gains		
Net gains on disposal of property, plant and equipment and right-of-use assets	**2,185**	347
Fair value (losses)/gains on financial assets/liabilities at fair value through profit or loss, net	**(17,966)**	8,638
Losses on disposal of financial assets/liabilities at fair value through profit or loss, net	**(214,421)**	–
Gains on repurchase of the senior notes	**20,062**	63,751
(Losses)/gains on redemption/repurchase of asset-backed securities	**(9,111)**	19,345
Losses on disposal of a subsidiary	**(57,505)**	–
Exchange losses, net	**(7,950)**	(18,815)
	(284,706)	73,266
	(20,753)	487,217
Fair value gains on investment properties	**1,054,256**	1,677,947

* Included amounts of HK\$536,899,000 (2020: HK\$440,201,000) related to income from outlet operations and HK\$421,455,000 (2020: HK\$404,921,000) related to income from logistics and warehousing services.

** Various government grants have been received from the relevant government authorities to foster and support the development of the relevant projects of the Group in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Cost of properties sold	**4,969,883**	3,991,759
Cost of properties held for finance lease	**63,844**	18,018
Depreciation of property, plant and equipment	**155,826**	154,128
Less: Depreciation capitalized in respect of properties under development	**(438)**	(246)
	155,388	153,882
Depreciation of right-of-use assets	**120,196**	84,246
Lease payments not included in the measurement of lease liabilities	**8,003**	7,859
Auditor's remuneration	**4,650**	4,500
Employee benefit expense (including directors' remuneration):		
Wages and salaries*	**436,189**	598,701
Equity-settled share option expense	**6,310**	1,928
Pension scheme contributions	**32,999**	84,037
	475,498	684,666
Impairment of trade receivables**	**231,465**	105,279
Impairment of financial assets included in prepayments, other receivables and other assets and other long-term receivables**	**10,785**	12,568
	242,250	117,847
Impairment of goodwill**	**34,128**	14,983
Write-down of inventories to net realisable value**	**25,185**	–
Contract cancellation costs**	**99,030**	37,644

* Included an amount of HK$56,807,000 for the year ended 31 March 2021 (2020: HK$52,149,000), which was capitalized under properties under development.

** Included in "Other expenses" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	For the year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Interest on bank and other borrowings (including senior notes, medium-term notes, domestic company bonds and short-term notes)	**3,245,855**	2,629,075
Interest on lease liabilities	**8,450**	9,356
	3,254,305	2,638,431
Less: Interest capitalized	**(2,615,942)**	(2,120,810)
Total	**638,363**	517,621

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2020: Nil).

Taxes on profits assessable in Mainland China are calculated at the rates of tax prevailing in the provinces in which the Group operates.

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("CIT") at the statutory rate of 25% (2020: 25%) on their respective taxable income during the year.

Pursuant to the relevant laws and regulations in the PRC, a PRC subsidiary of the Group obtained the High and New Technology Enterprises qualification. Accordingly, it enjoyed a preferential income tax rate of 15% for the years ended 31 March 2021 and 2020.

The PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and all property development expenditures.

The major components of income tax expenses for the year are as follows:

	For the year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Current Mainland China corporate income tax	**230,412**	696,153
LAT in Mainland China	**(149,205)**	618,642
Deferred Mainland China corporate income tax	**905,751**	527,816
Total tax charged for the year	**986,958**	1,842,611

8. DIVIDEND

	For the year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Proposed final dividend – HK3.0 cents per ordinary share (2020: HK3.0 cents per ordinary share)	**242,757**	242,757

The final dividend of HK3.0 cents per share amounting to HK$242,757,000 for the financial year ended 31 March 2020 was approved on 22 September 2020, which was paid on 20 October 2020.

The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,091,892,848 (2020: 8,109,207,023) in issue during the year.

No adjustment has been made to the basic earnings per share amount presented for the years ended 31 March 2021 and 2020 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented.

The calculations of basic and diluted earnings per share are based on:

	For the year ended 31 March	
	2021	2020
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**2,415,498**	2,633,141

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic and diluted earnings per share calculation	**8,091,892,848**	8,109,207,023

10. TRADE RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**1,274,822**	858,981
Impairment	**(450,117)**	(298,090)
	824,705	560,891

Trade receivables represent sales income, rental receivables and service income receivables from customers which are payable on issuance of invoices or in accordance with the terms of the related sale and purchase agreements. The Group generally allows a credit period of not exceeding 60 days to its customers. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimize credit risks. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 31 March 2021 and 2020 based on the payment due date net of loss allowance, is as follows:

	2021	2020
	HK$'000	*HK$'000*
Within 3 months	**561,290**	277,152
Over 3 months	**263,415**	283,739
	824,705	560,891

The movements in the loss allowance for impairment of trade receivables are as follows:

	2021	2020
	HK$'000	*HK$'000*
At beginning of year	**298,090**	286,740
Impairment losses	**231,465**	105,279
Amount written off as uncollectible	**(103,623)**	(78,982)
Exchange realignment	**24,185**	(14,947)
At end of year	**450,117**	298,090

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, service type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 March 2021

		Past due				
	Current	**Less than 1 year**	**1–2 years**	**2–3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**8%**	**12%**	**44%**	**77%**	**100%**	**35%**
Gross carrying amount (HK$'000)	**254,131**	**571,221**	**131,794**	**68,098**	**249,578**	**1,274,822**
Expected credit losses (HK$'000)	**19,437**	**70,811**	**58,036**	**52,255**	**249,578**	**450,117**

As at 31 March 2020

		Past due				
	Current	Less than 1 year	1–2 years	2–3 years	Over 3 years	Total
Expected credit loss rate	3%	3%	25%	75%	100%	35%
Gross carrying amount (HK$'000)	100,595	392,294	91,936	53,997	220,159	858,981
Expected credit losses (HK$'000)	2,948	11,501	22,984	40,498	220,159	298,090

11. TRADE AND OTHER PAYABLES

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Other payables and accruals		**3,364,420**	5,190,523
Notes payable	*(i)*	**1,628,850**	1,655,544
Advanced rental and other receipts		**2,948,287**	5,574,029
Due to non-controlling interests		**398,767**	244,114
Lease liabilities		**52,830**	48,921
Construction fee and retention payables	*(ii)*	**2,887,967**	2,876,667
		11,281,121	15,589,798

(i) An ageing analysis of the Group's notes payable presented based on the invoice date at the end of the reporting period is as follows:

	2021 *HK$'000*	2020 *HK$'000*
Within 3 months	**405,566**	534,931
Over 3 months	**1,223,284**	1,120,613
	1,628,850	1,655,544

(ii) An ageing analysis of the construction fee and retention payables as at the end of the reporting period is as follows:

	2021	2020
	HK$'000	*HK$'000*
Within 1 year	**1,945,718**	1,060,018
Over 1 year	**942,249**	1,816,649
	2,887,967	2,876,667

The construction fee and retention payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

The other payables are non-interest-bearing.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of the Company and its subsidiaries, I present herewith the consolidated results of the Group for the financial year ended 31 March 2021.

During the Year, both domestic and international economic situations were intricate, along with the continuing international trade frictions due to the rise of trade protectionism and the continuous recurrence of the COVID-19 pandemic, causing a comparatively severe impact on global economy. Under unified deployment and strong prevention and control of the Central Government, the COVID-19 pandemic has been controlled with production and operations of enterprises well protected and people's life and national economy recovering rapidly, making China the only country achieving positive economic growth among the major economies in the world.

In terms of macro policy, the Chinese government strongly supported the real economy by introducing a series of industries-supporting policies and aiding small-and medium-sized enterprises through various ways, including tax reduction and loan interest discount. In line with the national industrial development, China South City, as a leading developer and operator of large-scale integrated commercial logistics and trade centres in China, adhered to its "Trade and Logistics+" model at all times and focused on real business, which afforded the Group the opportunity of development. In July 2020, the "National E-Commerce Demonstration Base" was officially inaugurated in CSC Shenzhen, marking new phase of development for the e-commerce industry. In September 2020, China South City was approved as the only "Market Procurement Trade Pilot Unit (市場採購貿易試點單位)" in Shenzhen, which strived to promote the market upgrade of the project sites through assisting the merchants in the project sites in utilizing both international and domestic markets and O2O resources by relying on its advantages in market concentration and adopting the internet service model.

In terms of operation and management, China South City vigorously promoted industry transformation and upgrade by introducing new advantageous businesses, building the industrial ecological chain in each project through precise merchants recruitment and comprehensively enhancing the refined operating management, which significantly improved the quality of operation services, and set sail on the journey of digital transformation to empower enterprises and merchants with technology. Currently, CSC Hefei has formed an education industry cluster, with a gross floor area ("**GFA**") of nearly 300,000 sqm, China's first fourth-generation Wanda Plaza will commence operation in CSC Shenzhen in July 2021, a large-scale complex with GFA of over 50,000 sqm, AETM Supermarket (阿爾特麥超市) commenced operation in CSC Nanning, Hong Hui Furniture Wholesale Plaza (鴻輝傢俱批發城) with a GFA of nearly 300,000 sqm opened in CSC Zhengzhou, Jiangxi Meibocheng Beauty Supplies Market (江西美博城) moved in CSC Nanchang, and Yuzhou Household and Building Materials Market (渝州家居建材城) was contracted to move in CSC Chongqing. In addition, benefiting from demolition and transformation of the old markets, CSC Xi'an and CSC Chongqing attracted a large number of merchants. With various industry-supporting policies in place, new advantageous businesses of China South City have been developed flourishingly.

In terms of transportation infrastructure, in August 2020, Shenzhen Metro line 10 was officially opened with the Huanancheng Station (華南城站) along the line. In November 2020, the separate interchange in the area where CSC Harbin is located was completed and open to traffic, enabling passing-through in seconds. The Huanancheng Station of Harbin Metro is also under planning. The Hefei Metro which is passing through CSC Hefei, is under construction. There are four metro stations located in project site of CSC Hefei. The Shuangzhai Station (雙寨站) and Guoji Gangwuqu Station (國際港務區站) of Xi'an Metro line 3 adjacent to CSC Xi'an are open to traffic, while Olympic Sports Centre Station (奧體中心站), Xinsi Station (新寺站) and Gangwudadao Station (港務大道站) of line 14 are about to be completed. So far, there are nearly 20 metro stations in the China South City project sites nationwide, with more metro and other transportation hubs to be completed and put into operation, making China South City enjoy a much more prominent advantage in terms of transportation infrastructure and location.

At present, as the overall layout of China South City highly adheres to national development strategies such as the "Greater Bay Area" and the "Yangtze River Economic Belt", and the Central Government authorized Shenzhen to implement comprehensive pilot reforms, as a local enterprise in Shenzhen, China South City is well positioned to embrace this important historic opportunity. China South City will continue its comprehensive transformation and upgrade and facilitate the coordinated development of the regional economy with digital technology based on consolidating its main businesses such as trade and logistics and driven by "new business + new technology" two-pronged strategy, achieving the development goal of "Integrating Industries into Projects, Building Beautiful New City Conducive to Work and Life".

During the FY2021/22, the Group has officially launched the Urban Renewal Project (the "**Project**") in CSC Shenzhen. The land area of the Project is approximately 430,000 sqm. The Group estimated that the construction area of the Project will exceed 2.5 million sqm upon completed, so as the estimated commercial value will be more than RMB100 billion. Due to the large scale of the Project, the Group is now negotiating with various relevant government departments on specific planning details to ensure that the Project is advanced at the fastest speed and in the direction of maximizing commercial benefits. The Group, as the main operator and largest owner of the Project, will discuss with other owners of the Project on the follow-up developmental issues.

Results and Dividends

During the Year, the contracted sales of the Group amounted to HK$16.1489 billion (FY2019/20: HK$13.5141 billion); revenue rose by HK$1,421.7 million to HK$11,309.3 million (FY2019/20: HK$9,887.7 million), with recurring income up by HK$353.5 million to HK$2,765.4 million (FY2019/20: HK$2,411.9 million).

Net profit attributable to owners of the parent was HK$2,415.5 million (FY2019/20: HK$2,633.1 million), while core net profit attributable to owners of the parent (excluding fair value gains on investment properties and certain tax effects, impairment of goodwill and loss of forward contract, etc.) was HK$1,885.6 million (FY2019/20: HK$1,553.3 million). Basic earnings per share was HK29.85 cents (FY2019/20: HK32.47 cents).

The Board recommended the payment of a final dividend of HK3.0 cents per share for FY2020/21 (FY2019/20: HK3.0 cents per share), subject to approval of our shareholders at the forthcoming annual general meeting (the "**AGM**") to be held by the Company on 28 September 2021.

Review of the Market and Operations

During the Year, China South City was ranked as "2020 China Top 5 Asset Management in Commercial Real Estate Developers" and "1st in Comprehensive Strength in 2020 China Commercial Logistics Operations" by EH Consulting. Two subsidiaries of the Group, namely First Asia Pacific Property Management Limited and Qianlong Logistics Group Co., Ltd. ("**Qianlong Logistics**"), won respectively the "2020 China Top 10 Commercial Properties in Property Enterprises" and the "National Excellent Enterprises with Foreign Investment — Excellent Tax Payment and Turnover". In addition, by improving its governance and debt structure, the Group was upgraded from "B-" to "B" for its issuer credit rating by Standard and Poor's (an international credit rating agency) with a stable outlook, was assigned the issuer credit rating of "B2" by Moody's (an international credit rating agency) with a stable outlook, and was confirmed the issuer credit rating of "B" from Fitch (an international credit rating agency) with a stable outlook as well.

Taking great efforts to overcome the impact of the pandemic, the investment development division started construction of a number of new projects during the Year, which have been in progress in an orderly manner, including CSC Shenzhen No. 3 City Living Room (深圳華南城3號城市客廳) of approximately 250,000 sqm, CSC Xi'an 1668 Times Square Zone C and D of aggregately approximately 650,000 sqm, CSC Zhengzhou Times Square, Asia Pacific Plaza and Zhongyuan Plaza of aggregately approximately 530,000 sqm and CSC Nanchang B07 and D07 projects of aggregately approximately 440,000 sqm, providing sufficient property resources for the subsequent development of China South City.

During the Year, the business management division made breakthroughs in merchants recruitment, achieved remarkable results in business upgrades, improved its refined operations, and made great achievement in operational indicators. The advantageous businesses in CSC Shenzhen, CSC Zhengzhou, CSC Xi'an and CSC Hefei have formed a cluster, and the merchants recruitment in CSC Nanchang and CSC Chongqing has made a historic breakthrough. Among them, CSC Nanchang introduced Jiangxi Meibocheng Beauty Supplies Market of approximately 26,000 sqm, CSC Chongqing introduced Yuzhou Household and Building Materials Market of approximately 80,000 sqm, CSC Shenzhen introduced Heung Kong Furniture of approximately 54,000 sqm, and CSC Nanning introduced AETM Supermarket of approximately 55,000 sqm. The exhibition activities achieved significant effects, with activities such as CSC Zhengzhou Building Materials and Hardware Trade Fair, CSC Nanning Southeast Asian Food Festival and Lunar New Year Festival boosted the transaction volume.

The merchant advisory committee was established to strengthen quality supervision, promote mobile bill payment and online repair, so as to improve the quality of the project sites and strengthen merchant interaction, which enhanced merchant satisfaction and increased merchant loyalty. By upholding its business motto of "Safety, Quality and Service" to adopt a diversified and flexible model for integrated property management and ancillary services, we have won recognition from the industry.

Qianlong Logistics provided customers with comprehensive supply chain integrated logistics solutions through three business platforms with the "project operation platform" as the foundation, the "warehousing service platform" as the core and the "forwarder distribution platform" as the substance. During the Year, the project occupancy rate was 91%. The merchants recruitment of the project under construction was carried out in advance to achieve full occupancy upon delivery and maximize the lease efficiency; the third-party logistics services focused on supply chain integration, won bids for Vitasoy, Eastroc Beverage, Hitachi Elevator and other high-quality customers, and established its brand in the industry.

Shenzhen Huasheng Commercial Development Co., Ltd. ("Huasheng Outlet") actively innovated in operating management and made a big breakthrough in operating performance in the fiscal year with recorded turnover of RMB2.1 billion. In terms of operations, it achieved results of RMB350 million in the three large-scale promotional activities held in the important festivals in spring, autumn, and winter, realizing a significant growth. It increased more than 370,000 new members, growing the membership base. In terms of merchants recruitment, it introduced large anchor stores such as Windy Valley Amusement Park (風之谷遊樂場) and Haosenmei Furniture (豪森美傢俱) into large-scale properties in CSC Hefei and CSC Chongqing. It also standardized the national merchants recruitment management system and implemented the brand optimization program with nearly 900 cooperative brands.

Digitalization was fully applied to facilitate our development with technology. In the era of digital economy, digitalization is the key to build core competitiveness of enterprises. The Group has attached great importance to digital transformation and has made a comprehensive planning for digitalization and formulated step-by-step and phased implementation. The marketing and operation analysis system of the investment development division was based on business data visualization and marketing mega data analysis, which effectively helps operation managers to scientifically formulate sales policies and business operation decisions. Lots of merchants realized online self-service payment, which improved service quality while reducing labor costs and established online communication channels with merchants. The smart water and electricity metre program in

CSC Shenzhen significantly improved the payment collection rate for energy consumption and management efficiency. Phase I of the digital exhibition hall located in the headquarter of the Group showcased the results of smart property management, boosting confidence in digital transformation.

The Market Procurement Trade Pilot Policy and E-commerce Industry Alliance aimed to create an ecosystem of industrial development in China South City. Innovation is the soul and power source for enterprise's development. In September 2020, CSC Shenzhen was approved as the only "Market Procurement Trade Pilot Unit (市場採購貿易試點單位)" in Shenzhen. Relying on the market concentration advantage of China South City and adopting the internet service model, the market procurement trade will greatly improve the transaction efficiency, reduce trade costs, and effectively assist the merchants in the project sites in utilizing both international and domestic markets and O2O resources. It can also attract overseas buyers, domestic exporters and foreign trade service providers to rapidly drive the industrial development of the regions, so as to increase the government tax revenue and achieve an overall increase in property value and rental income of China South City. On 25 November 2020, the Group initiated the establishment of the E-commerce Industry Alliance, which will give full play to the role of "serving e-commerce enterprises in the project sites" and continue to facilitate merchants recruitment to attract all kinds of resources to China South City, so as to enhance its property value and empower the development of eight projects and these enterprises located in the project sites.

Based on its own development, China South City carried out strategic cooperation with external outstanding enterprises, making obvious progress through joining forces and complementing with each other. It conducted in-depth cooperation with Wanda Group. Following the project in CSC Shenzhen, it has discussed the cooperation on project in CSC Zhengzhou to achieve win-win in many aspects.

Financial Management

During the Year, the Group remained prudent in its financial management to maintain multi-channel financing for better cash management, and debt structure. In offshore market, the Group issued additional US$125 million senior notes in June 2020; US$200 million senior notes in August 2020; US$250 million senior notes in September 2020; additional US$120 million senior notes in January 2021; and US$175 million senior notes and additional US$50 million senior notes in March 2021.

The Group continued to maintain the smooth development for multiple financing channels in both domestic and offshore capital markets, selected the proper window based on market conditions and improved the overall debt structure. The Group further optimized its debt structure by repurchasing and cancelling offshore bonds. In addition, since from the financial year of 2019/20 and up to the Year, the Group was granted a number of domestic long-term bank loans in aggregate of amounting to RMB7.44 billion by various banks with terms from 5 to 15 years. Such loans shall significantly extend the loan terms and increase the flexibility of working capital. On top of the repayment of the original loans due, it allowed the Group to acquire additional liquidity by making full use of property valuation. Looking forward to next financial year, the Group will maintain and extend its prudent and sound financial management strategy as well as flexible and smooth financing channels in both domestic and offshore capital markets, with the aim of achieving steady growth under healthy financial structure and thereby creating maximum value for shareholders.

Prospects

Despite of the complicated international political and economic situations and the threat of the COVID-19 pandemic in 2021, with the upturn of the domestic economy, China South City will continue to adhere to its "Trade and Logistics+" multi-industry operation model, deleverage and reduce debt, increase efficiency by refined management and develop advantageous new businesses in line with the economic and industrial development, thus to achieve new surmounting development.

"Innovation, Integrity, Consensus and Collaboration" are core values of China South City and the foundation of its development as well. China South City has positioned itself to be "world-class integrated trade and logistics centre, digital centre, innovation centre and living centre", and is committed to the development strategy of "Integrating Industries into Projects, Building Beautiful New City Conducive to Work and Life". Leveraging its wealth of experience throughout the years, the Group is committed to being an incubator for strategic emerging industries, uncovering new growth point collectively with the real economy, increasing investment in digital transformation and empowering industry upgrade and business development with digital technology, striving to become a benchmark enterprise in the industry. We will continue to promote the development of each project, improve urban functions together with well industry and sector layout, prosper the regional economy and provide jobs for local residents, ultimately realizing the vision to build beautiful new city conducive to work and life.

The management plans that the Group will deliver its annual contracted sales target of HK$16 billion for the financial year ended 31 March 2022. In respect of recurring business, the Group will strive to keep its growth momentum and develop diversified and stable revenue streams.

Finally, on behalf of the Board, I wish to express my deepest gratitude to our shareholders, customers and business partners for their consistent trust and support to China South City. I would also like to thank the management and staff for their dedication, which have helped China South City grow from strength to strength.

Cheng Chung Hing
Chairman and Executive Director

Hong Kong, 28 June 2021

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Focusing on primary business with flourishing development of new industry sectors

During the Year, the economic situation at domestic and international was complicated, and the world's economic development was facing with grave challenges amid the frequent international trade disputes and the impact of COVID-19 pandemic. Thanks to the unified arrangements and strict prevention and control by the Central Government, the infection situation in China has gradually stabilized, the normal business activities of enterprises have been well protected, and as a result, the overall economy displayed a gradual upswing. Last year, China was also the only country among the major economies in the world that achieved positive economic growth. During the first quarter of 2021, China's gross domestic product ("**GDP**") increased by 18.3% year on year. It is expected that the recovery of the overall environment will have a positive impact on the industry.

Facing the industry regulation and the ever-evolving domestic and international situation, the diversified and flexible business model of China South City has enabled timely and effective adjustments to sales and operations strategies according to different development stages of a project and the market demand in different regions. Leveraging its innovative and integrated trade and logistics model that have been improving over the years, the Group will continue to remain as a leading developer and operator of large-scale integrated commercial logistics and trade centres in China.

As the projects in various places are becoming mature, China South City has actively been adding new industries and businesses in the respect of innovation and technology on these project sites, apart from continuously strengthening the provision and services on trade centres, residential units, multi-purpose commercial properties, property management, conference and exhibition facilities, warehousing and logistics, outlets operation. Through continuous cultivation and introduction of new industries, China South City has achieved the flourishing development of new industries comprising livestreaming base for e-commerce influencers, membership supermarkets, inexpensive quality home furnishing stores and outlets which have become the "four important growth engines". In addition, education, new energy automobile and motorcycle, healthcare and beauty industry, and health foods are also quite distinctive. The rapid development of some projects has created huge industrial cluster effect, forming a new growth pole, such as the automobile and parts specialized market in CSC Xi'an and the education base in CSC Hefei, Hong Hui Furniture Wholesale Plaza in CSC Zhengzhou, and Yuzhou Household and Building Materials Market in CSC Chongqing, which were strategically complementary to the Group's existing businesses.

During the Year, the Group's total revenue was HK$11,309.3 million (FY2019/20: HK$9,887.7 million). Its recurring income was HK$2,765.4 million (FY2019/20: HK$2,411.9 million), accounting for 24.5% of the total revenue (FY2019/20: 24.4%). Gross profit margin was 43.7% (FY2019/20: 45.7%). Core net profit attributable to owners of the parent was HK$1,885.6 million (FY2019/20: HK$1,553.3 million). Profit attributable to owners of the parent was HK$2,415.5 million (FY2019/20: HK$2,633.1 million). Basic earnings per share amounted to HK29.85 cents (FY2019/20: HK32.47 cents).

Refined Management Facilitating Collaborative Development

The Group is committed to developing into a leading developer and operator of large-scale integrated commercial logistics and trade centres. The Group has established projects standing in eight cities in China, covering first-tier cities, provincial capitals and a direct-administered municipality for over a decade. Trade centres, warehousing and logistics facilities, residential units, multi-purpose commercial properties, and commercial complexes were successfully developed on these projects, which delivered sustainable revenue for the Group. During the Year, the Group continued to promote transformation and upgrading, achieving good results in refined management, cost reduction and efficiency improvement, and boosting the collaborative development of merchants in the project sites and the regional economy through targeted merchants recruitment and improved service facilities.

Project Investment and Development

The investment development division mainly focuses on the Group's project investment, development and construction. To meet local demands of projects in different places, the Group has developed various types of commercial complexes accordingly. Multi-purpose commercial properties are being developed in various China South City projects, such as Zhengzhou, Xi'an, Nanchang and Shenzhen. With respect to project construction, the investment development division keeps abreast of the latest development trend by continuously improving the construction standard, so as to elevate the construction quality of projects. For instance, the Zijingmingdu residential project (紫荊名都住宅項目) of CSC Zhengzhou was listed in the first batch of "Model Construction Sites with Standardized Construction Quality in Henan Province" by the Department of Housing and Urban-Rural Development (住建廳) of Henan province. This project adopted the engineering general contracting model of "prefabricated construction + EPC", which was more environmentally friendly with less carbon footprints and higher quality standard. During the Year, in terms of management and team building, the investment development division has achieved remarkable results, with a number of projects completed for delivery. The division strove to create an overall healthy development environment by vigorously promoting refined management, improving whole-process dynamic cost management, implementing various measures to strengthen pre-activity cost control and building up a reserve of outstanding talents.

In FY2020/21, the Group recorded total contracted sales of approximately HK$16,148.9 million, with GFA of approximately 1,695,500 sqm.

Contracted sales

	FY2020/21				FY2019/20			
	GFA *(sqm)*	**Average selling price (before deduction of sales tax)** *(HK$/sqm)*	**Contracted amount (before deduction of sales tax)** *(HK$'million)*	**% of total contracted sales amount**	GFA *(sqm)*	Average selling price (before deduction of sales tax) *(HK$/sqm)*	Contracted amount (before deduction of sales tax) *(HK$'million)*	% of total contracted sales amount
CSC Shenzhen	**10,400**	**12,200**	**127.3**	**0.8%**	9,200	17,100	157.8	1.2%
CSC Nanchang	**176,800**	**10,900**	**1,930.5**	**12.0%**	65,100	12,700	826.5	6.1%
CSC Nanning	**57,900**	**9,700**	**562.8**	**3.5%**	56,000	9,400	525.0	3.9%
CSC Xi'an	**525,500**	**10,300**	**5,398.6**	**33.4%**	396,700	9,200	3,664.7	27.1%
CSC Harbin	**184,200**	**7,700**	**1,410.7**	**8.8%**	233,800	7,700	1,809.2	13.4%
CSC Zhengzhou	**581,100**	**9,000**	**5,236.2**	**32.4%**	484,600	9,200	4,441.8	32.9%
CSC Hefei	**28,800**	**10,300**	**296.0**	**1.8%**	18,700	10,200	191.6	1.4%
CSC Chongqing	**130,800**	**9,100**	**1,186.8**	**7.3%**	213,400	8,900	1,897.5	14.0%
Total/average	**1,695,500**	**9,500**	**16,148.9**	**100.0%**	1,477,500	9,100	13,514.1	100.0%

CSC Shenzhen

As of 31 March 2021, construction of a GFA of approximately 2.39 million sqm was completed in CSC Shenzhen. As of 31 March 2021, planned construction of a GFA of approximately 248,800 sqm was underway.

CSC Nanchang

As of 31 March 2021, construction a GFA of approximately 2.40 million sqm was completed in CSC Nanchang. As of 31 March 2021, planned construction of a GFA of approximately 710,700 sqm was underway, of which approximately 546,800 sqm was expected to complete in FY2021/22.

CSC Nanning

As of 31 March 2021, construction of a GFA of approximately 1.95 million sqm was completed in CSC Nanning. As of 31 March 2021, planned construction of a GFA of approximately 154,800 sqm was underway.

CSC Xi'an

The development of CSC Xi'an is well underway with a GFA of approximately 1.97 million sqm was completed. As of 31 March 2021, planned construction of a GFA of approximately 984,800 sqm was underway, of which approximately 344,400 sqm was expected to complete in FY2021/22.

CSC Harbin

The development of CSC Harbin is well underway with a GFA of approximately 1.97 million sqm completed. As of 31 March 2021, planned construction of a GFA of approximately 981,800 sqm was underway, of which approximately 433,700 sqm was expected to complete in FY2021/22.

CSC Zhengzhou

The development of CSC Zhengzhou is well underway with a total GFA of approximately 3.86 million sqm completed. As of 31 March 2021, planned construction of a GFA of approximately 2,398,700 sqm was underway, of which approximately 897,500 sqm was expected to complete in FY2021/22.

CSC Hefei

The development of CSC Hefei is well underway with a GFA of approximately 3.16 million sqm completed. As of 31 March 2021, planned construction of a GFA of approximately 721,500 sqm was underway, of which approximately 201,600 sqm was expected to complete in FY2021/22.

CSC Chongqing

The development of CSC Chongqing is well underway with a GFA of approximately 2.18 million sqm completed. As of 31 March 2021, planned construction of a GFA of approximately 649,600 sqm was underway, of which approximately 196,300 sqm was expected to complete in FY2021/22.

Sustaining the Healthy Growth of Recurring Business

As a leading developer and operator of large-scale integrated commercial logistics and trade centres in China, China South City pays high attention to the overall operation of its projects. Apart from actively enriching the industries available on project sites and promoting industry concentration, China South City has offered room to accelerate vertical market integration within different industries. The Group also provides tenants and merchants with a one-stop solution by consolidating resources such as business management, property management, brand value, merchant resources, etc. As each project matures over time, the recurring business has become a diversified and steadily increasing revenue stream of the Group. During the year, China South City continued to introduce e-commerce influencer livestreaming base, education and training base, beauty and hairdressing products industry of Jiangxi Meibocheng Beauty Supplies Market, etc., which complemented and promoted each other with the original industries.

The Group still recorded total recurring income of HK$2,765.4 million (FY2019/20: HK$2,411.9 million) representing an increase of 14.7%. Revenues from property leasing and property management, logistics and warehousing services and outlet operations amounted to HK$1,523.4 million, HK$421.5 million and HK$536.9 million, respectively (FY2019/20: HK$1,344.1 million, HK$404.9 million and HK$440.2 million, respectively).

Business Management and Operation

China South City pays high attention to the overall operation of its projects. Apart from actively enriching the industries on project sites and promoting industry cluster, China South City has been providing or introducing a variety of ancillary facilities and services in response to the demands of its project management and expansion, to develop a comprehensive business portfolio. The business management division is principally engaged in merchants recruitment and operation management of the Group, providing professional operation and management services for all links along the value chains of China South City. Its business covers trade centres, logistics zones, hotels, integrated commercial complexes, commercial blocks, neighborhood centres, residential ancillary, and multi-purpose properties.

During the Year, the Group practically kept implementing the strategy of "Emphasizing on Merchants Recruitment and Strengthening Operation" to promote cost reduction and efficiency improvement. The professional business management division resulted in more efficient project management and merchants recruitment. Overall, the Group made breakthroughs in merchants recruitment by accurately introducing emerging industries and new formats that meet the future development trend, which are well supplementary to the existing industries. The upgrading effect of industries was remarkable, and the level of refined operation was continuously improved.

Specifically, the CSC Shenzhen No. 3 City Living Room Project is under development, which is expected to further enrich the industries of CSC Shenzhen after completion; and CSC Nanchang has established an e-commerce influencer livestreaming base of nearly 30,000 sqm, and introduced Jiangxi Meibocheng Beauty Supplies Market as well as Old Wine Museum, showcasing the good development momentum of the new formats. CSC Nanning has created special activities such as Southeast Asia Tourism and Food Festival around China-ASEAN Digital Trade Centre, and successfully introduced Guangxi's first membership-based large-scale supermarket with over 50,000 sqm, further enriching commercial industries and stimulating consumer popularity. CSC Xi'an successfully held the Second Motorcycle Riders Festival, with the rapid development of the automobile and motorcycle parts industry chain. Thanks to the relocation of the old markets, CSC Xi'an ushered in a rapid development opportunity. The separated interchange in the area where CSC Harbin is located was completed and opened to traffic, enabling passing-through in seconds. For CSC Harbin, the transportation facilities ushered in a major upgrade, the used car and seed agricultural materials market performed well and the overall development situation was optimistic. CSC Zhengzhou successfully held the "2020 Central Region

Building Materials and Hardware Trade Fair-Autumn". The introduction of inexpensive quality home furnishing stores represented by Hong Hui Furniture Wholesale Plaza further improved the overall industry. What is more worth looking forward to is the re-cooperation between China South City and Wanda Group. A new generation of Wanda Plaza is being discussed to establish in CSC Zhengzhou, which will greatly promote the development of the project site, accelerate the gathering of popularity and commerce, radiate and drive the economic development and overall improvement of the project site. There are educational institutions opened in CSC Hefei, taking shape cluster development trend in the science and education industry. CSC Chongqing made a new breakthrough in merchants recruitment as Yuzhou Household and Building Materials Market has contracted to move in CSC Chongqing.

With the introduction of the "Plan on Implementing Comprehensive Pilot Reforms in Shenzhen to Build the City into a Demonstration Area of Socialism with Chinese Characteristics", the implementation of the Market Procurement Trade Pilot Program, as well as the opening of the E-commerce Demonstration Base, China South City benefited from a variety of key strategic policies, new historic opportunities for the development of its commercial and trade business emerged. The first fourth-generation Wanda Plaza in China will officially opened in CSC Shenzhen, integrating new industries such as technology, food, sports and fashion, forming a huge complementary and promoting role with the whole business district of China South City, further activating the popularity of the project site and enhancing the consumption potential.

Property Leasing and Property Management

The Group implements diversified property management mode. As a leading developer and operator of large-scale integrated commercial logistics and trade centres in China, China South City has developed diversified and flexible property management and ancillary services model to ensure stable revenue sources and sustainable development in the future. Residential facilities, shopping malls, wholesale markets, as well as conference and exhibition are developed to create synergy. Business is tuned and optimized according to local market demands.

After years of development, the property management division has gained National First-Class Property Management Qualification. It was one of the few integrated property management enterprises capable of managing both trade centre premises and residential properties in China. As the projects in various cities mature over time, the Group continuously seeks to add multiple streams of revenue to improve its operation, including advertising and exhibitions, temporary space leasing and parking charge.

Meanwhile, the Group continued to strengthen digitalization on its property management through the application of mobile payment, online payment, electronic invoicing, smart device control, etc., with a view to provide higher usability while significantly reducing manpower costs at the same time increasing efficiency.

Logistics and Warehousing Services

Qianlong Logistics is an integrated modern logistics enterprise. As a professional operator of e-commerce, logistics and information industrial parks, it adopted the "Internet + Logistics Parks" operation mode to realize the integration of information and resources between transportation, warehousing, distribution and other logistics services providers and production, manufacturing, sales, e-commerce and other cargo owners across the country through the platform, and focused on the establishment of the integrated China South City logistics network. Built on the base of stable "logistics park operation" and improvement of park operation, Qianlong Logistics actively expanded its comprehensive third-party logistics services of warehousing and distribution, and accelerated improving the network presence, resulting in a higher occupancy rate as a whole and good results were achieved. In terms of brand cooperation, Qianlong Logistics has successfully involved in the upstream and downstream of industries and enterprises as it not only maintained five core customers of daily chemicals, food, industrial products, infrastructure and shoes and clothing, but also gained a number of leading cooperative merchants. In warehouse construction, Qianlong Logistics has made a new breakthrough in accelerating the nationwide presence of its network. Warehouses No. 1–5 of Qianlong Logistics Hefei have been delivered, warehouses No. 1 and 2 of Qianlong Logistics Nanchang have met the delivery conditions.

In this fiscal year, Qianlong Logistics participated in the 15th China (Shenzhen) International Logistics and Supply Chain Fair and was awarded the "Outstanding Logistics and Supply Chain Service Provider"; Qianlong Logistics Zhengzhou won the title of "2020 Outstanding Logistics Park" by the China Logistics and Purchasing Federation; Qianlong Logistics Hefei won the "Advanced Entity in Fighting Against the COVID-19 Pandemic in China in the Category of Communications and Transportation" awarded by China Communications and Transportation Association, etc., demonstrating its capability has been widely recognized by the society.

Outlet Operations

Huasheng Outlet, specialized in outlet development and operation, unceasingly enhances its commercial value through professional and effective management. This year, Huasheng Outlet launched various new activities and measures in operation, merchants recruitment, expansion and other aspects by making active efforts in innovation, resulting in a significant increase in the overall performance. Sales of and visitors to Huasheng Outlet in Shenzhen hit new highs year on year during the first golden week consisting of the Mid-Autumn Festival and National Day after the Huanancheng Station of Shenzhen Metro was put into operation; and on New Year's Day of 2021, the single-day sales of Huasheng Outlet in China reached a record high. In terms of tenant recruitment, Huasheng Outlet has further improved the nationwide branding database and laid a firm foundation for future development by continuously adding high-quality brand customers, increasing the number of registered members and building a team of outstanding talents.

Exhibitions and Events

The Group organized a number of large-scale exhibitions and events during the Year.

In May 2020, as this year marks the 18th anniversary of the establishment of the Group, an event under the theme of "Mutual Sharing and Benefit in CSC" was officially launched in May 2020, which provided an opportunity for our subsidiaries and business segments to share the development achievements of the Company with all business partners and customers, with aim to strengthen the reputation of the CSC brand. The event also boosted sales of various business segments through a wide variety of promotion campaigns, driving the flourishing development of all businesses and further laying a solid foundation for the development of the Company.

In September 2020, a popular sports and health event was initiated concurrently by the Group in eight projects, i.e. the "CSC Run • 888 (華跑 • 888)". Adopting the strategy of combining online and offline channels, the event launched a tailored clock-in mini program for exercise count PK contests, which offers a variety of games such as step count clocking-in through WeChat, visit and snapshot at popular internet destinations, leading sport city PK contest.

"Nanning and Southeast Asia International Tourism and Food Festival" was successfully held in CSC Nanning from 1 October to 11 October 2020. The food festival demonstrated the Chinese traditional delicious food culture by combining the local distinctive delicacy of Guangxi Province and three major Chinese cuisines namely the Sichuan Cuisine, Hunan Cuisine and Canton Cuisine with Southeast Asian culture and cuisine, and established three function areas including cuisine, commodities as well as culture and tourism interaction. During the food festival, a variety of activities were also held, including Guangxi local ethnic distinctive cuisine competition, Russian theme experience, home living festival and various night market activities. The Food Festival has been held for 21 consecutive years, and has become a well-known tourism festival brand in Nanning and "Top 10 Tourism Festival Brands in Guangxi", which has greatly enriched the lives of local citizens and also boosted the popularity on the scene.

From 30 October to 1 November 2020, CSC Zhengzhou "2020 Central Region Building Materials and Hardware Expo-Autumn" was successfully held.

In January 2021, with the theme of "Happy City • Chinese New Year", China South City created an O2O one-stop New Year Festival, which provided a convenient platform experience for purchasing New Year's goods through events such as having New Year's food, purchasing New Year's clothes, enjoying New Year's customs, giving New Year's gifts, and enjoying the festival.

In addition, the "Enjoy Autumn" series events were launched from the end of September to October 2020. Wine Carnival in CSC Shenzhen displayed more than 300 types of wine from 15 countries, and held a wine culture salon. In the Home Shopping Festival in CSC

Nanning, 100 home-building materials brands offered sales. Besides, massive scale one-stop shopping activities were the spotlight of the Third Autumn Home Building Materials Expo in CSC Nanchang.

Full Digitalization Through Technology + Innovation

In the era of digital economy, digitalization is the key for enterprises to build their core competitiveness. The Group attaches great importance to and actively implements digital transformation, through detailed planning and step by step implementation. The marketing and operation analysis system of the investment development division was based on business data visualization and marketing mega data analysis, which effectively helps operation managers to scientifically formulate sales policies and business operation decisions. The mega data platform of the smart industrial parks was already put into operation and has access to various data such as visitors flow analysis, self-service online payment, self-service online reporting for repair, smart customer service, smart lift control, the energy consumption of project sites, and smart parking, etc. Through the perceptual analysis of mega data of business elements such as pedestrian and vehicle traffic and business operations, as well as property management behaviors, the experience of tenants and merchants has significantly improved, effectively facilitating managers to scientifically carry out business and industry planning and merchants recruitment for industrial clusters, a closed-loop and efficient customer service, refined property management as well as real-time emergency incident handling.

Partnering with industry leading companies provides new synergy for internal digital management, project transformation and upgrades, and tenants and merchants' access to the cloud. Information and Communication ("**ICT**") technology was applied to help China South City propel the construction of the smart industrial parks and the digitalizaiton of tenants and merchants based on the diversified project management scenarios of China South City. In addition, CSC Zhengzhou is also focusing on establishing a livestreaming e-commerce base.

China South City kept up with market development by continuously upgrading its businesses. On 25 November 2020, the Group initiated the establishment of an E-commerce Industry Alliance with an aim to build a comprehensive and integrated e-commerce chain service platform for China South City together with other e-commerce enterprises through the establishment of a long-term communication and resource sharing mechanism. With the rise of e-commerce live streaming, the Group conducted e-commerce business training in CSC of cities such as Shenzhen, Harbin, Hefei and Chongqing, and established a training base for professional livestreamers in CSC Nanchang and a base for influencers in CSC Hefei, providing one-stop services such as anchor training, marketing planning and market promotion, and offer a large number of professional talents to the merchants of the projects as well as the market.

LAND BANK

With its unique and flexible business model, the Group intends to retain commercial properties including logistics and warehousing facilities and hotels, as well as approximately 50% of trade centre units for self-use or long-term leasing purposes, in order to generate stable recurring income and achieve capital appreciation, while the remaining approximately 50% of trade centre units and residential properties will be gradually sold to generate cash flow for the Group's development.

During the Year, the Group's land bank was as follows, mainly for residential, warehousing and logistics, and commercial purposes.

Projects	**Completed properties**[1]		**Properties under development**	**Properties to be completed in FY2021/22**	**Properties planned for future development on GFA acquired**[2]	**Total planned GFA**[3]	**Planned GFA for acquired land (% to total planned GFA)**[4]	
(in sqm)	*Sold*	*Saleable and in operation*		*Estimated*	*Estimated*	*Estimated*		
CSC Shenzhen	872,900	1,519,400	248,800	–	66,200	2,707,300	2,707,300	100%
CSC Nanchang	1,406,600	994,300	710,700	546,800	1,682,800	6,866,000	4,794,400	70%
CSC Nanning	687,600	1,265,500	154,800	–	372,100	4,880,000	2,480,000	51%
CSC Xi'an	1,061,800	910,400	984,800	344,400	1,719,600	17,500,000	4,676,600	27%
CSC Harbin	703,600	1,269,800	981,800	433,700	2,980,400	12,000,000	5,935,600	49%
CSC Zhengzhou	1,842,800	2,014,600	2,398,700	897,500	3,936,100	12,000,000	10,192,200	85%
CSC Hefei	1,857,000	1,302,000	721,500	201,600	2,112,500	12,000,000	5,993,000	50%
CSC Chongqing	829,300	1,350,700	649,600	196,300	3,672,200	13,100,000	6,501,800	50%
Total	**9,261,600**	**10,626,700**	**6,850,700**	**2,620,300**	**16,541,900**	**81,053,300**	**43,280,900**	**53%**

Notes:

(1) Represents the GFA for which the construction of all various types of buildings had been completed, including properties held for sales, warehouses, multi-purpose commercial properties, hotels and trade centres held for rental purpose as well as self-use properties.

(2) Represents the remaining GFA after deducting the completed properties and properties under development from the total planned GFA for acquired land.

(3) Represents the planned GFA upon establishment of the projects. The actual land and GFA to be acquired or built are subject to different factors and may vary subsequently.

(4) Represents the planned GFA for the land acquired including completed properties, properties under development and properties planned for future development. The actual GFA may vary subsequently according to needs of the Group.

Strengthening the Senior Management Team

In order to meet the rapid development needs of the Group's businesses, China South City has continued to strengthen its senior management team to ensure that its long-term development goals are achieved with the best combination of administrative resources and operational capabilities.

In April 2021, the Group appointed Ms. Geng Mei ("**Ms. Geng**") as the Executive Director of the Company and the Chief Operating Officer of the Group. She is primarily responsible for the overall operation and management of the Group to achieve the long-term development goals of the Group. Ms. Geng has more than 20 years of experience in the operation and management of real estate companies. Ms. Geng studied for an EMBA at Renmin University of China. Prior to joining the Group, Ms. Geng served as a cadre of the International Hotel Youth League Committee of the National Tourism Administration*, the vice president of Beijing Xinhengji Group*, the vice president of Beijing Huahan Group*, the managing director of the Northern Region of Ping An Real Estate Co., Ltd. and the managing director of Headquarters Construction and Operations Centre of Ping An Real Estate Co., Ltd.

Under the leadership of the Board, the strengthened senior management team will lead the Group to create greater value for shareholders and propel the goal of comprehensive transformation and upgrade.

* *For identification purpose only*

FINANCIAL REVIEW

The main objective of the Group's financial management is to pursue long-run sustainable growth while maintaining financial health through a strong and stable capital base.

The Group proactively adjusts its business development strategies, the pace of land acquisition and other capital expenditures in concurrence with its cash flows from operating and financing activities, in order to maintain liquidity while uphold growth momentum.

The Group actively manages its financing structure through various financing channels, from onshore and offshore bank loans to different interbank and capital market instruments, in order to achieve an optimal capital structure and maturity profile. As at 31 March 2021, the total interest-bearing debts of the Group were HK$37.3454 billion (31 March 2020: HK$33.7537 billion). The gearing ratio was 67.6% (31 March 2020: 67.2%). Furthermore, as at 31 March 2021, cash and bank balances were HK$9,442.8 million (31 March 2020: HK$10,303.5 million) and the Group had unused banking facilities of approximately HK$17.6661 billion.

Comparing with the last fiscal year, the revenue of the Group increased by 14.4% to HK$11,309.3 million (FY2019/20: HK$9,887.7 million), and the core net profit attributable to owners of the parent increased by 21.4% to HK$1,885.6 million (FY2019/20: HK$1,553.3 million) during the Year. Net profit attributable to owners of the parent decreased by 8.3% to HK$2,415.5 million (FY2019/20: HK$2,633.1 million) and the basic earnings per share decreased to HK29.85 cents (FY2019/20: HK32.47 cents). The decrease in net profit attributable to owners of the parent and basic earnings per share are mainly due to the decrease in fair value gain of investment properties, which is a non-cash item.

Revenue

Revenue for the Year increased by 14.4% to HK$11,309.3 million (FY2019/20: HK$9,887.7 million) comparing with last fiscal year. The increase was mainly attributable to more sales and delivery of properties and the growth in recurring income during the Year.

	FY2020/2021	FY2019/2020	**Change**
	HK$'000	*HK$'000*	*%*
Sales of properties and finance lease income	**8,543,938**	7,475,735	14.3
Sales of properties	*8,426,662*	*7,142,767*	*18.0*
Finance lease income	*117,276*	*46,842*	*150.4*
Others	*–*	*286,126*	*–100*
Recurring income	**2,765,366**	2,411,919	14.7
Property leasing and management service income	*1,523,386*	*1,344,130*	*13.3*
Other recurring revenue	*1,241,980*	*1,067,789*	*16.3*
	11,309,304	9,887,654	14.4

Sales of Properties and Finance Lease income

Revenue from sales of properties increased by 18.0% to HK$8,426.7 million (FY2019/20: HK$7,142.8 million). The increase was mainly attributable to more sales and delivery of properties in Hefei, Xi'an and Chongqing projects during the Year. The sales of properties for each project are as follows:

	Sales revenue (before deduction of sales tax*) (HK$ million)		Sales revenue (net of sales tax*) (HK$ million)		GFA sold (sqm)		Average selling price (before deduction of sales tax*) (HK$/sqm)	
	2021	2020	**2021**	2020	**2021**	2020	**2021**	2020
CSC Shenzhen	–	25.9	–	24.7	–	1,600	–	16,200
CSC Nanchang	–	15.9	–	15.2	–	1,000	–	15,900
CSC Nanning	**88.0**	163.0	**83.8**	155.2	**7,900**	13,500	**11,100**	12,100
CSC Xi'an	**1,848.4**	811.8	**1,742.7**	747.4	**179,100**	90,000	**10,300**	9,000
CSC Harbin	**919.1**	172.8	**845.4**	162.6	**123,100**	22,600	**7,500**	7,600
CSC Zhengzhou	**903.9**	3,863.2	**830.8**	3,560.4	**87,200**	379,500	**10,400**	10,200
CSC Hefei	**3,800.6**	1,997.7	**3,512.1**	1,855.3	**301,700**	188,200	**12,600**	10,600
CSC Chongqing	**1,529.1**	673.7	**1,411.9**	622.0	**161,400**	82,800	**9,500**	8,100
Total	**9,089.1**	7,724.0	**8,426.7**	7,142.8	**860,400**	779,200	**10,600**	9,900
– Trade centre units	**1,556.9**	648.8	**1,473.9**	606.7	**153,500**	70,300	**10,100**	9,200
– Residential properties	**7,126.4**	6,614.5	**6,578.0**	6,112.7	**668,900**	656,300	**10,700**	10,100
– Multi-purpose commercial properties	**405.8**	460.7	**374.8**	423.4	**38,000**	52,600	**10,700**	8,800

* Sales tax represents value-added-tax and related surcharges.

Finance lease income derived from the leasing of office buildings increased by 150.4% to HK$117.2 million (FY2019/20: HK$46.8 million). The increment was primarily attributable to more finance lease of office building at CSC Shenzhen made during the Year.

Property Leasing and Management Service Income

The Group intends to retain approximately 50% of the trade centre units for self-use or rental purposes. Meanwhile, the Group also provide property management services for its trade centres, shops and residential properties delivered and in use. Given the diversity of its property types and industries in China South City projects, the Group's business management division continued to provide diversified leasing and property management services, to cater to the needs of different property types and industries across respective projects during the Year. Property leasing and management service income will become an important component of the recurring income of the Group in the long run. CSC Shenzhen, being the more mature project in the Group's portfolio, contributed a substantial part of the property leasing and property management service income. During the Year, property leasing and property management service income of the Group increased by 13.3% to HK$1,523.4 million (FY2019/20: HK$1,344.1 million) comparing to last fiscal year.

Other Recurring Revenue

Other recurring revenue increased by 16.3% to HK$1,242.0 million (FY2019/20: HK$1,067.8 million). As a result of the growth in volume of business the revenue from outlet operations increased by 22.0% to HK$536.9 million (FY2019/20: HK$440.2 million). Meanwhile, revenue from logistics and warehousing services increased by 4.1% to HK$421.5 million (FY2019/20: HK$404.9 million).

Cost of Sales

The Group's cost of sales mainly includes construction costs, borrowing costs and land costs of properties sold and properties sold under finance lease, and operating costs of recurring business. During the Year, the cost of sales increased by 18.6% to HK$6,365.1 million (FY2019/20: HK$5,365.0 million). The increase in cost of sales was basically in line with the increase of total recognized sales during the Year.

Gross Profit

Gross profit increased by 9.3% to HK$4,944.2 million (FY2019/20: HK$4,522.6 million). During the Year, gross profit margin decreased to 43.7% (FY2019/20: 45.7%), which was mainly due to the increase in cost of properties sold.

Other Income and (Losses)/Gains

During the year, other income decreased by 36.2% to HK$264.0 million (FY2019/20: HK$414.0 million), which was mainly attributable to the decrease in government grants (FY2020/21: HK$150.8 million; FY2019/20: HK$267.5 million). In addition, during the Year, other gains turned from HK$73.3 million for the corresponding period of last year to other losses of HK$284.7 million, which was mainly attributable to the fair value losses on financial assets at fair value through profit or loss and losses on disposal of subsidiaries.

Fair Value Gains on Investment Properties

For each of the interim and annual financial reporting date, the Group appoints an independent professional qualified valuer to determine the fair value of our investment properties. The change in fair value of our investment properties may be affected by a variety of internal and external factors, such as rental area, rental rate, market prices of comparable properties.

Based on our business model, the Group may have new additions of investment properties every year that generate fair value gains. The fair value gains/(losses) may fluctuate with time due to the change in the volume of the investment properties, the change in market conditions and different construction phrases of our projects. Therefore, the amount of fair value gains/(losses) will also fluctuate accordingly.

Selling and Distribution Expenses

The Group's selling and distribution expenses slightly increased by 0.3% to HK$486.1 million (FY2019/20: HK$484.7 million), which remained almost the same as last year.

Administrative Expenses

Administrative expenses increased by 4.0% to HK$1,041.5 million (FY2019/20: HK$1,001.9 million).

Other Expenses

Other expenses increased by 92.5% to HK$409.6 million (FY2019/20: HK$212.8 million), which was mainly attributable to the impairment of trade receivables, goodwill and financial assets included in prepayments, other receivables and other assets and other long-term receivables.

Finance Costs

Finance costs increased by 23.3% to HK$638.4 million (FY2019/20: HK$517.6 million). Due to the change in capital market conditions, the Group's weighted average financing cost increased to 8.39% at the end of March 2021 (31 March 2020: 7.85%).

Tax

Income tax expenses recorded a significant decrease in 46.4% to HK$987.0 million (FY2019/20: HK$1,842.6 million), which was due to the tax effect of the decrease in fair value gains of investment properties during the Year.

Liquidity and Financial Resources

The Group finances its development and operations primarily through internally generated funds, bank and other borrowings, and the issuance of different types of bonds and notes on the onshore and offshore market, which includes but not limited to senior notes, short-term notes, medium-term notes, corporate bonds and domestic company bonds. The Group will continue to explore different financing means and to extend its financing channels.

Cash and Bank Balances

As at 31 March 2021, the Group had HK$9,442.8 million cash and bank balances (31 March 2020: HK$10,303.5 million). The Group's cash and bank balances were primarily denominated in Renminbi, HK dollars and US dollars.

Borrowing and Charges on the Group's Assets

As at 31 March 2021, the total interest-bearing debts of the Group was HK$37,345.4 million (31 March 2020: 33,753.7 million). The details of borrowings and charges on the Group's assets are set out below.

Interest-bearing bank and other borrowings

The Group had aggregated interest-bearing bank and other borrowings of HK$18,899.0 million as at 31 March 2021 (31 March 2020: HK$17,121.1 million), of which HK$7,232.4 million is repayable within one year or on demand, HK$4,920.6 million will be repayable in the second year, HK$2,055.6 million will be repayable in the third to fifth years and HK$4,690.4 million will be repayable after five years. As at 31 March 2021, the Group's interest-bearing bank and other borrowings of approximately HK$18,216.1 million were secured by certain buildings, investment properties, properties under development, properties held for finance lease, properties held for sales and bank deposits with a total carrying value of approximately HK$44,752.8 million.

All interest-bearing bank and other borrowings of the Group were denominated in Renminbi and US dollars with interest rates range from 3.75% to 12.00% (31 March 2020: 3.95% to 12.35%) per annum. Furthermore, as at 31 March 2021, the Group had unused banking facilities of approximately HK$17.6661 billion. The Group will, depending on the needs of project development and working capital status, utilize these banking facilities as appropriate.

Insurance of Notes

Senior Notes

During the Year, the Company issued (1) additional US$125 million 10.875% senior notes due 2022 in June 2020; (2) US$200 million 11.5% senior notes due 2021 in August 2020; (3) US$250 million 10.75% senior notes due 2023 in September 2020; (4) additional US$120 million 10.75% senior notes due 2023 in January 2021; (5) US$175 million 11.95% senior notes due 2023 in March 2021; and (6) additional US$50 million 11.95% senior notes due 2023 in March 2021.

During the Year, the Company repaid (1) 10.875% senior notes due 2020 with a principal amount of US$201.1 million upon maturity in August 2020; (2) 7.25% senior notes due 2021 with a principal amount of US$128.094 million upon maturity in January 2021; and (3) 11.875% senior notes due 2021 with a principal amount of US$243.5 million upon maturity in March 2021.

During the Year, the Company made on-market repurchase of (1) 6.75% senior notes due 2021 with a principal amount of US$8 million in June 2020; (2) 7.25% senior notes due 2022 with a principal amount of US$10 million in June 2020; (3) 7.25% senior notes due 2021 with an aggregate principal amount of US$100.906 million in May, June and September 2020; (4) 10.875% senior notes due 2020 with a principal amount of US$39.9 million in May 2020; and (5) 11.875% senior notes due 2021 with a principal amount of US$8.5 million in May 2020. The repurchased notes were cancelled accordingly.

Details of movement are set out below:

Issued Date	May and Jun 2018	Jan 2018	Mar and Jun 2019	Aug 2020	Sep and Oct 2016	Dec 2019 and Jan 2020	Feb and Jun 2020	Nov 2017	Sep 2020 and Jan 2021	Mar 2021
	10.875% senior notes due 2020	**7.25% senior notes due 2021**	**11.875% senior notes due 2021**	**11.5% senior notes due 2021**	**6.75% senior notes due 2021**	**11.5% senior notes due 2022**	**10.875% senior notes due 2022**	**7.25% senior notes due 2022**	**10.75% senior notes due 2023**	**11.95% senior notes due 2023**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Issued nominal value	250,000	250,000	260,000	200,000	350,000	350,000	350,000	300,000	370,000	225,000
As at 1 April 2020	241,000	229,000	252,000	–	340,700	350,000	225,000	286,500	–	–
New issuance	–	–	–	200,000	–	–	125,000	–	250,000	175,000
Additional issuance	–	–	–	–	–	–	–	–	120,000	50,000
Repayment upon maturity	(201,100)	(128,094)	(243,500)	–	–	–	–	–	–	–
Repurchase and cancellation	(39,900)	(100,906)	(8,500)	–	(8,000)	–	–	(10,000)	–	–
As at 30 September 2020	–	–	–	200,000	332,700	350,000	350,000	276,500	370,000	225,000

All of the notes above are listed and traded on the Singapore Stock Exchange.

As at 31 March 2021, the carrying value of senior notes were HK$15,947.7 million (31 March 2020: HK$14,319.5 million). The senior notes are jointly guaranteed by certain subsidiaries and part of the senior notes are secured by pledges of share of certain subsidiaries.

Medium-Term Notes

In April 2019, China South International Industrial Materials City (Shenzhen) Company Limited ("China South International") issued the first tranche of the medium-term notes of 2019 with a total principal amount of RMB600 million with a maximum maturity period of 3 years and at an interest rate of 8.5% per annum.

Domestic Company Bonds

In August 2019, China South International issued the first and second tranche of the domestic company bonds of 2019 with an aggregate principal amount of RMB1.4 billion with a maximum maturity period of 3 years and at an interest rate of 8% per annum.

As at 31 March 2021, the carrying values of China South International's medium-term notes were HK$765.6 million (31 March 2020: HK$707.7 million) and domestic company bonds were HK$1,733.1 million (31 March 2020: HK$1,605.4 million).

Gearing Ratio

The Group's gearing ratio (net debt divided by total equity) was 67.6% as at 31 March 2021, and 67.2% as at 31 March 2020.

Net Current Assets and Current Ratio

As at 31 March 2021, the Group had net current assets of HK$8,427.9 million (31 March 2020: HK$4,054.9 million) and a current ratio of 1.18 (31 March 2020: 1.08).

Contingent Liabilities

The Group has provided guarantees mainly with respect to banking facilities granted by certain banks in connection with mortgage loans made by purchasers of the Group's trade centres and residential properties, and bank loans made by lessees of the Group's residential and commercial properties. The guarantees granted to purchasers of trade centres and residential properties will be released when the purchasers obtain building ownership certificates, which will then be pledged to the banks. For leased residential and commercial properties, the guarantees will be released accordingly when the lessees repaid the loan. Further details to the above and other matters will be set out in notes to the financial statements.

Commitments

As at 31 March 2021, the Group had future capital expenditure contracted but not yet provided for amounting to HK$15,429.1 million (31 March 2020: HK$13,221.6 million).

Acquisition and Disposal of Subsidiary and Associated Companies

The Group had no material acquisitions and disposals of subsidiaries and associated companies during the Year.

Foreign Exchange Risk

The Group conducts its business primarily in Renminbi. The income and bank deposits of the Group were substantially denominated in Renminbi to meet the Group's development and operation needs in the PRC. Other than the bank deposits, bank borrowings and senior notes denominated in foreign currency, the Group does not have any other material exposure to foreign exchange risk. During the Year, the Group entered into certain forward currency contract with a bank to hedge the amount of approximately US$200 million against the foreign exchange exposure. All forward currency contract had been expired during the Year.

The Group continues to adopt a proactive approach to closely monitor the foreign currency market and explore the domestic capital market for financing opportunities. Other hedging arrangements will be made if such need arises.

Economic, Commercial and Other Risks

The Group may be exposed to the risk of negative developments in national and regional economies, property and financial markets. It may result in reductions in sales and selling prices of the properties, rental rates and occupancy rates of properties, and demand for ancillary services and facilities it provides. It may also result in recession, inflation, deflation and currency fluctuations as well as restrictions in the availability of credit, increases in financing and other operating costs. The development of the Group's projects may subject to market risks as it usually takes time to complete. Though the Group appoints quality partners for the development of its projects, it may still be subject to associated risk of the quality and safety of the products and services provided to the Group. The Group may also be subject to a number of regulatory environments in the territories in which it operates. Changes in the regulatory approach to such matters as ownership of assets and businesses, regulations related to development and operations, exchange controls, tax rules and employment legislation may impact the business of the Group. Changes in the political environment in such territories may also affect the business of the Group. The management of the Group will keep abreast of the environment and policy changes and make the necessary adjustments in response to such changes, if any. Further steps taken by the Group to manage the financial risk will be set out in notes to the financial statements.

Land for Projects and Restriction on Sales

The Group signs project agreements with local governments prior to the development of all projects in order to outline the long-term blueprints of relevant projects. These agreements generally set out the size and use of lands and the related development plans. However, the actual acquisition of lands, land area and terms and conditions of such acquisition are subject to the relevant regulations and local governments' requirements, the Group's development plans and the results of the relevant public tender, auction and listing. Since the development of each of these projects may last for more than ten years, the Group and the local government may discuss to adjust the details of these agreements to align with the actual needs of developments.

The pace of the land acquisition and project development depends on the progress of the Group's planning, as well as the procedural formalities as determined by the local government departments. As the procedures and requirements set by different local governments vary, the Group may adjust the development of each project according to relevant conditions. In view of its substantial land bank and flexibility in project planning, the Group believes such circumstances will not have material impact on its development as a whole.

Pursuant to certain project and land related contracts and documents, some of the land acquired by the Group may have sales restrictions on properties built on it. These include the saleable area of trade centres of CSC Shenzhen is limited to 30% of the total buildable GFA of properties built on the relevant parcels of land. The saleable area of trade centres and warehousing facilities built on certain parcels of land acquired by CSC Nanchang and CSC Nanning in 2010 are limited to 60% of the relevant total buildable GFA. The saleable area of trade centres or commercial properties built by CSC Hefei and CSC Chongqing are limited to 50% of their relevant total buildable GFA. The saleable area of trade centres or commercial properties of phase I and future phases of CSC Zhengzhou are limited to 60% and 50% respectively of its relevant total buildable GFA. According to the Group's business model, the Group intends to hold not less than 50% of trade centres and commercial facilities for leasing and self-use, the related sales restrictions will not have significant impact on the Group.

Human Resources

As at 31 March 2021, the Group had a workforce of 3,907 employees. The Group aims to recruit, retain and develop competent individuals who are committed to the Group's long-term success and growth. Remunerations and other benefits of employees are reviewed annually in response to both market conditions and trends, and are based on qualifications, experience, responsibilities and performance. In addition to basic salaries and other staff benefits, discretionary bonuses and share options may be awarded to employees who display outstanding performance and contributions to the Group.

CODE ON CORPORATE GOVERNANCE PRACTICES

To the best knowledge and belief of the Directors, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (the "**Listing Rules**") during the Year, save and except for the following deviation:

Code provision A.6.7

Code Provision A.6.7 provides that Independent Non-Executive Directors and other Non-Executive Directors, and equal board members, should attend general meetings of the Company. During the Year, one Independent Non-Executive Director of the Company was unable to attend the last annual meeting of the Company held on 22 September 2020 as he had other prior business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as the guidelines for the Directors' dealing in the securities of the Company. Upon specific enquiries of all the Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the Year in relation to the securities dealings, if any.

AUDIT COMMITTEE

The Company has established an Audit Committee in September 2009 and has formulated and amended its written terms of reference in accordance with the provisions set out in the CG Code from time to time. The Audit Committee consists of Mr. Li Wai Keung (chairman of Audit Committee), Mr. Leung Kwan Yuen Andrew, Mr. Hui Chiu Chung and Mr. Yung Wing Ki Samuel (Mr. Yung retired as Independent Non-Executive Director and resigned as a member of Audit Committee with effect from 22 September 2020). All of the Audit Committee members are Independent Non-Executive Directors. The principal duties of the Audit Committee include the review and monitoring of the Group's financial reporting system, risk management and internal control systems and its effectiveness, review of the Group's financial information, review of the relationship with the independent auditor of the Company, determining of the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The Audit Committee has discussed with the management regarding the risk management and internal control systems and financial reporting matters related to the preparation of the consolidated financial statements for the year ended 31 March 2021. It has also received the said consolidation financial statements.

Scope of Work of Ernst & Young on the Preliminary Announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income, and the related notes thereto for the Year ended 31 March 2021 as set out in the preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company and a subsidiary of the Company repurchased and cancelled part of the senior notes with an aggregated principle amount of US$167.306 million from the open market. Details are set out in the sub-section "Senior Notes" and notes to the financial statements.

Save as disclosed above and notes to the financial statement of the Company's FY2020/21 Annual Report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming AGM to be held on Tuesday, 28 September 2021, the register of members of the Company will be closed from Thursday, 23 September 2021 to Tuesday, 28 September 2021, both days inclusive. In order to qualify for attending and voting at the AGM, Shareholders shall lodge all transfer documents for registration with Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 21 September 2021.

(b) For the purpose of determining shareholders of the Company who qualify for the final dividend, the register of members of the Company will be closed from Tuesday, 5 October 2021 to Friday, 8 October 2021, both days inclusive. The ex-dividend date will be on Thursday, 30 September 2021. In order to qualify for the final dividend, Shareholders shall lodge all transfer documents for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 4 October 2021. The proposed final dividend, subject to the approval of the shareholders of the Company at the AGM, will be distributed around Friday, 31 December 2021 to shareholders of the Company whose names appear on the Register of Members on Friday, 8 October 2021.

For and on behalf of the Board
China South City Holdings Limited
Cheng Chung Hing
Chairman & Executive Director

Hong Kong, 28 June 2021

As at the date of this announcement, the Executive Directors of the Company are Mr. Cheng Chung Hing, Mr. Zhao Lidong, Ms. Geng Mei and Ms. Cheng Ka Man Carman; the Non-Executive Directors of the Company are Mr. Cheng Tai Po and Mr. Lin Ching Hua; and the Independent Non-Executive Directors of the Company are Mr. Leung Kwan Yuen Andrew, GBM, GBS, JP, Mr. Li Wai Keung and Mr. Hui Chiu Chung, JP.

*This announcement contains operating statistics for the Year and forward-looking statements relating to the business outlook, forecast business plans and growth strategies of the Group (collectively "**Information Statements**"). The Information Statements are unaudited and are made based on the Group's business plans, internal information, certain expectations, assumptions and premises, which may be subjective or beyond our control. They do not constitute warranties of future performance of the Group and subject to factors included but not limited to general industry and economic conditions and changes in government policies. With these, the Information Statements in this announcement should not be regarded as representations by the Board or the Company that they will be achieved, and investors should not place undue reliance on such Information Statements.*