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Voluntary Announcement

Additional Information to the Interim Results

For the Six Months Ended 30 September 2021

This announcement is made by China South City Holdings Limited (the “**Company**” together with its subsidiaries, collectively the “**Group**”) on a voluntary basis to provide additional information in relation to the interim results of the Group for the six months ended 30 September 2021, to its shareholders and potential investors. Such information which have been provided at the Group’s interim results release conference held on 30 November 2021 and the relevant contents are set out as follows:

(1) Land bank

The Group believes that the Group’s current land bank is sufficient for development in the next three years, and there is no plan to increase land bank on a large scale in the second half of the financial year ending 31 March 2022 (the “**2021/22 fiscal year**”).

(2) Gross profit margin and prospects

The Group believes that the property market in the second half of the 2021/22 fiscal year is not optimistic. The Group expects that with the increase in construction and labor costs and the weakening of residential property demand, the residential property selling prices of the Group will have downward pressure in the second half of the 2021/22 fiscal year, and there will also be probability for a decline in gross profit margin. The Group expects that the gross profit margin will also be under pressure in the second half of the 2021/22 fiscal year to the next fiscal year.

In addition to sales of property, one of the important sources of cash flow of the Group is the recurring income from property leasing and management service income of the Group. This recurring income brought HK\$1.68 billion in the first half of 2021/22 fiscal year. The Group expects it will grow not less than 20%.

While the Group’s gross profit margin is under pressure, the Group will make every effort to promote sales, because maintaining liquidity is the most important task of the Group. It may inevitably reduce prices and sacrifice some profits. However, the Group expects to adopt cost control measure to maintain net profit at a more reasonable level.

(3) Debts and financing

In the first half of the 2021/22 fiscal year, the Group accumulatively repurchased or repaid USD bonds and interest totaling approximately USD650 million. Although onshore banks have relaxed their property mortgage loan drawdown from October to November 2021, they are still relatively tight on other corporate loans. In the future, it will repay offshore debts and replenish its liquidity through its internal financial resources and onshore financing. The Group will pay more and more attention to onshore financing in the future, and will try to replenish its liquidity through onshore financing. As at 30 September 2021, the short-term debt ratio of the Group has been lowered and the Group hopes to continue to increase the long-term debt ratio to improve the debt structure in the long run.

The Group currently has not issued any wealth management products, does not have off-balance sheet debts, and the Group's balance sheet is transparent.

The information contained in this announcement does not affect or revise the information or content contained in the Company's announcement published on 29 November 2021, including the Group's Interim Results for the six months ended 30 September 2021.

Shareholders of the Company and potential investors should exercise caution when dealing in any Company's securities.

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

Hong Kong, 2 December 2021

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Chung Hing, Ms. Geng Mei and Ms. Cheng Ka Man Carman; the non-executive directors of the Company are Mr. Cheng Tai Po and Mr. Lei Ming; 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.