華南城
China South City

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 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	For the year ended 31 December 2024 *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*	**Change***
Revenue	**4,083,380**	3,508,926	+16.4%
Loss for the year/period	**(8,975,904)**	(4,317,590)	+107.9%
Loss attributable to owners of the parent	**(8,975,762)**	(4,317,462)	+107.9%
Loss per Share – Basic	**HK(78.45) cents**	HK(37.73) cents	N/A

* The Group changed its financial year end date from 31 March to 31 December at the end of 2023. Accordingly, the preceding financial period covered the nine months ended 31 December 2023 whereas the current financial year covered the twelve months ended 31 December 2024, and therefore are not direct comparable with those shown for the current year.

CONSOLIDATED FINANCIAL INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2024

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 December 2024 ("**FY2024**" or the "**Year**") together with the comparative figures for the previous financial year (Nine months ended 31 December 2023 ("**FY2023**")) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	**For the year ended 31 December 2024** *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*
Revenue	3	**4,083,380**	3,508,926
Cost of sales		**(3,317,468)**	(2,700,245)
Gross profit		**765,912**	808,681
Other income and gains/(losses), net	3	**154,003**	(537,406)
Fair value losses on investment properties	3	**(2,483,460)**	(2,317,419)
Selling and distribution expenses		**(165,652)**	(166,005)
Administrative expenses		**(463,599)**	(660,025)
Other expenses	4	**(4,595,198)**	(1,670,490)
Finance costs	5	**(1,522,530)**	(633,667)
Share of profits of associates		**33,936**	98,896
LOSS BEFORE TAX	4	**(8,276,588)**	(5,077,435)
Income tax (expense)/credit	6	**(699,316)**	759,845
LOSS FOR THE YEAR/PERIOD		**(8,975,904)**	(4,317,590)
Attributable to:			
Owners of the parent		**(8,975,762)**	(4,317,462)
Non-controlling interests		**(142)**	(128)
		(8,975,904)	(4,317,590)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Continued)*
For the year ended 31 December 2024

	Notes	For the year ended 31 December 2024 HK$'000	For the nine months ended 31 December 2023 HK$'000
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic			
– for loss for the year/period		**HK(78.45) cents**	HK(37.73) cents
Diluted			
– for loss for the year/period		**HK(78.45) cents**	HK(37.73) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	For the year ended 31 December 2024	For the nine months ended 31 December 2023
	HK$'000	*HK$'000*
LOSS FOR THE YEAR/PERIOD	**(8,975,904)**	(4,317,590)
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(863,675)**	(1,707,773)
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD, NET OF TAX	**(863,675)**	(1,707,773)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	**(9,839,579)**	(6,025,363)
Attributable to:		
Owners of the parent	**(9,839,249)**	(6,024,917)
Non-controlling interests	**(330)**	(446)
	(9,839,579)	(6,025,363)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2024

	Notes	**31 December 2024** *HK$'000*	31 December 2023 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**387,513**	543,607
Investment properties		**42,509,940**	45,988,804
Right-of-use assets		**296,523**	311,462
Properties under development		**1,140,493**	1,065,512
Interest in associates		**3,996,611**	3,961,055
Financial assets at fair value through profit or loss		**11**	3,724
Other long-term receivables		**14,909**	81,626
Deferred tax assets		**926,611**	4,049,240
Total non-current assets		**49,272,611**	56,005,030
CURRENT ASSETS			
Properties held for finance lease		**140,039**	145,637
Properties held for sale		**35,417,315**	40,502,022
Inventories		**4,801**	12,993
Trade receivables	9	**505,182**	712,725
Prepayments, other receivables and other assets		**1,358,045**	1,714,334
Amount due from a related party		**135,700**	138,666
Restricted cash		**676,590**	913,556
Cash and cash equivalents		**41,142**	230,088
Total current assets		**38,278,814**	44,370,021
CURRENT LIABILITIES			
Trade and other payables	10	**9,459,749**	6,893,983
Amounts due to associates		**1,202,224**	869,925
Amounts due to related parties		**2,044,677**	1,205,832
Contract liabilities		**6,471,276**	8,936,049
Interest-bearing bank and other borrowings		**7,798,797**	7,403,739
Senior notes		**10,442,482**	8,891,111
Financial liabilities at fair value through profit or loss		**–**	4,618
Tax payables		**3,707,733**	3,561,011
Total current liabilities		**41,126,938**	37,766,268
NET CURRENT (LIABILITIES)/ASSETS		**(2,848,124)**	6,603,753
TOTAL ASSETS LESS CURRENT LIABILITIES		**46,424,487**	62,608,783

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 31 December 2024

	31 December 2024 *HK$'000*	31 December 2023 *HK$'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**11,979,079**	13,892,041
Senior notes	**–**	1,565,410
Other long-term payables	**1,489**	–
Financial liabilities at fair value through profit or loss	**1,037,344**	1,070,077
Deferred tax liabilities	**6,799,625**	9,634,930
Total non-current liabilities	**19,817,537**	26,162,458
Net assets	**26,606,950**	36,446,325
EQUITY		
Equity attributable to owners of the parent		
Share capital	**9,131,812**	9,131,812
Other reserves	**17,460,957**	27,300,002
	26,592,769	36,431,814
Non-controlling interests	**14,181**	14,511
Total equity	**26,606,950**	36,446,325

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/liabilities 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 December 2024 and the financial information related to the nine months ended 31 December 2023 included in this preliminary announcement of annual results for the year ended 31 December 2024 does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the nine months ended 31 December 2023, 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 Company has delivered the consolidated financial statements for the nine months ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2024 in due course.

The Company's auditor has reported on these financial statements for both years. The auditor's reports did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance. The opinion of auditor's report for FY2024 and FY2023 was disclaimer of opinion and included a reference to a matter to which the auditor drew attention in relation to multiple uncertainties related to going concern.

Going concern basis

The Group recorded net loss of HK$8,976 million for the year ended 31 December 2024, and as at 31 December 2024, the Group's current liabilities exceeded its current assets by HK$2,848 million. The Group's current portion of interest-bearing debts (comprising senior notes and interest-bearing bank and other borrowings) amounted to HK$18,241 million, while its cash and cash equivalents amounted to HK$41 million. As at 31 December 2024, the principal or interest payable relating to an aggregate amount of HK$15,742 million of interest-bearing debts had not been repaid according to their scheduled repayment date (the "**Defaulted Borrowings**"), triggering an aggregate amount of HK$375 million interest-bearing debts (the "**Cross Defaulted Borrowings**") to become repayable on demand. A winding-up petition was filed by Citicorp International Limited (the "**Petitioner**") against the Company on 27 January 2025.

The above conditions indicate the existence of multiple material uncertainties which cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

(i) The Group has appointed financial advisers and legal advisors to assist it with a restructuring of its Defaulted and Cross Defaulted Borrowings, in order to reach a consensual solution with all the lenders as soon as practical;

(ii) The Group has appointed legal counsels to address the winding-up petition;

(iii) The Group is identifying targeted buyers for the disposal of the Group's equity interest in certain property projects to raise the level of liquid funds;

(iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables; and

(v) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.

The board of directors have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2024. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2024. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(i) successful and timely debt restructuring with the lenders of the Group's Defaulted and Cross Defaulted Borrowings;

(ii) successful dismissal of the winding-up petition;

(iii) successfully and timely implementation of the plans to dispose of certain of the Group's equity interests in certain property projects to raise the level of liquid funds;

(iv) timely implementation of the plans to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables; and

(v) successful execution in taking active measures to control administrative costs and maintain containment of capital expenditures.

Should the Group fail to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying amounts of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

Change of financial year end date

Pursuant to a resolution of the Board dated 30 November 2023, the financial year end date of the Company has been changed from 31 March to 31 December commencing from the financial period ended 31 December 2023 in order to align the financial year end date with that of the principal operating subsidiaries of the Company, which are statutorily required to fix their financial year end date at 31 December in the Chinese Mainland. Accordingly, the accompanying consolidated financial statements for the prior financial period covered a period of nine months from 1 April 2023 to 31 December 2023. The corresponding comparative figures presented for the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and related notes covered the audited figures of the financial year from 1 April 2023 to 31 December 2023 and therefore are not comparable with those shown for the current year.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.1 The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements:

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to HKAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

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. The Group intends to apply these revised HKFRSs, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[3]
HKFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKAS 21	*Lack of Exchangeability*[1]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

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

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

	For the year ended 31 December 2024 *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*
Revenue*		
Revenue from contracts with customers	**3,357,703**	2,855,696
Revenue from other sources		
Rental income	**543,129**	456,863
Others	**182,548**	196,367
Subtotal	**725,677**	653,230
Total revenue	**4,083,380**	3,508,926
Other income		
Interest income	**14,210**	59,375
Government grants**	**819**	5,497
Others	**16,259**	30,623
Total other income	**31,288**	95,495
Gains/(losses)		
Gains/(losses) on disposal of property, plant and equipment, net	**453**	(1,952)
(Losses)/gains on disposal of investment properties	**(29,574)**	5,641
Fair value gains/(losses) on financial assets/liabilities at fair value through profit or loss, net	**32,733**	(854,129)
Gains/(losses) on disposal of financial assets/liabilities at fair value through profit or loss, net	**1,711**	(2,644)
Losses on disposal of subsidiaries	**–**	(118,351)
Gains on modification of interest-bearing bank and other borrowings	**446,315**	–
Loss arising from default and cross default events	**(324,423)**	–
Gains on modification of senior notes	**–**	348,655
Exchange losses, net	**(4,500)**	(10,121)
Total gains/(losses)	**122,715**	(632,901)
Total other income and gains/(losses)	**154,003**	(537,406)
Fair value losses on investment properties	**(2,483,460)**	(2,317,419)

* Included amounts of approximately HK$326,836,000 for the year ended 31 December 2024 (Nine months ended 31 December 2023: HK$261,540,000) related to income from outlet operations and approximately HK$123,450,000 for the year ended 31 December 2024 (Nine months ended 31 December 2023: HK$179,004,000) 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 Chinese Mainland. There are no unfulfilled conditions or contingencies relating to these grants.

4. LOSS BEFORE TAX

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

	For the year ended 31 December 2024 *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*
Cost of properties sold	**2,641,792**	2,188,118
Depreciation of property, plant and equipment	**80,828**	67,429
Less: Depreciation capitalized in respect of properties under development	**(213)**	(175)
Total	**80,615**	67,254
Depreciation of right-of-use assets	**11,526**	12,860
Lease payments not included in the measurement of lease liabilities	**34,926**	29,289
Auditor's remuneration	**3,400**	3,770
Employee benefit expense (including directors' remuneration):		
Wages and salaries*	**209,763**	181,800
Equity-settled share option expense	**204**	462
Pension scheme contributions	**19,785**	20,494
Total	**229,752**	202,756
Impairment of trade receivables**	**1,039**	41,556
Impairment of financial assets included in prepayments, other receivables and other assets and other long-term receivables**	**24,953**	756,490
Total	**25,992**	798,046
Impairment losses recognised for properties held for sale**	**3,770,423**	660,810
Impairment of/(reversal of) inventories**	**6,135**	(1,237)

* Included an amount of HK$10,854,000 for the year ended 31 December 2024 (Nine months ended 31 December 2023: HK$19,047,000), which was capitalized under properties under development.

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

5. FINANCE COSTS

An analysis of finance costs is as follows:

	For the year ended 31 December 2024 *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*
Interest on bank and other borrowings (including senior notes)	**2,353,741**	2,062,810
Interest on lease liabilities	**122**	1,127
Total interest expense on financial liabilities not at fair value through profit or loss	**2,353,863**	2,063,937
Less: Interest capitalized	**(831,333)**	(1,430,270)
Total	**1,522,530**	633,667

6. INCOME TAX EXPENSES/(CREDIT)

Hong Kong profits tax has been provided at the rate of 16.5% (Nine months ended 31 December 2023: 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 (Nine months ended 31 December 2023: Nil).

Taxes on profits assessable in Chinese Mainland 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% (Nine months ended 31 December 2023: 25%) on their respective taxable income during the year.

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 charge/(credit) for the year/period are as follows:

	For the year ended 31 December 2024 *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*
Current	**251,750**	381,729
Deferred	**447,566**	(1,141,574)
Total tax charge/(credit)	**699,316**	(759,845)

7. DIVIDEND

	For the year ended 31 December 2024 *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*
Final dividend – Nil (31 December 2023: nil)	**–**	–

At a meeting of the Board held on 28 March 2025, the directors resolved not to propose a final dividend to shareholders (31 December 2023: nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic losses per share is based on the loss for the year/period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 11,441,892,848 (nine months ended 31 December 2023: 11,441,892,848) in issue during the year.

No adjustment has been made to the basic loss per share amount presented for the year ended 31 December 2024 and the nine months ended 31 December 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amount presented.

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

	For the year ended 31 December 2024 *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	**(8,975,762)**	(4,317,462)

	Number of shares	
	31 December 2024	31 December 2023
Shares		
Weighted average number of ordinary shares in issue during the year/period used in the basic and diluted loss per share calculation	**11,441,892,848**	11,441,892,848

9. TRADE RECEIVABLES

	31 December 2024 *HK$'000*	31 December 2023 *HK$'000*
Trade receivables	**809,412**	1,017,948
Impairment	**(304,230)**	(305,223)
Net carrying amount	**505,182**	712,725

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 generally 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 December 2024 and 31 December 2023 based on the payment due date net of loss allowance, is as follows:

	31 December 2024 *HK$'000*	31 December 2023 *HK$'000*
Within 3 months	**437,276**	537,935
Over 3 months	**67,906**	174,790
Total	**505,182**	712,725

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

	31 December 2024 *HK$'000*	31 December 2023 *HK$'000*
At the beginning of year/period	**305,223**	330,291
Impairment losses	**1,039**	41,556
Disposal of a subsidiary	**–**	(34,493)
Amount written off as uncollectible	**–**	(26,392)
Exchange realignment	**(2,032)**	(5,739)
At the end of year/period	**304,230**	305,223

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 December 2024

		Past due				
	Current	**Less than 1 year**	**1–2 years**	**2–3 years**	**Over 3 years**	**Total**
Expected credit loss rate	**6%**	**6%**	**50%**	**80%**	**100%**	**38%**
Gross carrying amount *(HK$'000)*	**415,146**	**83,494**	**67,389**	**18,985**	**224,398**	**809,412**
Expected credit losses *(HK$'000)*	**25,664**	**5,162**	**33,769**	**15,237**	**224,398**	**304,230**

As at 31 December 2023

		Past due				
	Current	Less than 1 year	1–2 years	2–3 years	Over 3 years	Total
Expected credit loss rate	6%	6%	49%	78%	100%	30%
Gross carrying amount *(HK$'000)*	527,742	94,598	141,079	44,003	210,526	1,017,948
Expected credit losses *(HK$'000)*	39,601	5,868	14,775	34,453	210,526	305,223

10. TRADE AND OTHER PAYABLES

	Notes	**31 December 2024** ***HK$'000***	31 December 2023 *HK$'000*
Other payables and accruals		**5,706,670**	3,710,768
Notes payable	(i)	**45,559**	47,107
Rental and other receipts in advance		**826,896**	784,526
Lease liabilities		**1,348**	2,565
Construction fee and retention payables	(ii)	**2,879,276**	2,349,017
Total		**9,459,749**	6,893,983

(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:

	31 December 2024 ***HK$'000***	31 December 2023 *HK$'000*
Within 3 months	**45,559**	47,107

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

	31 December 2024	31 December 2023
	HK$'000	*HK$'000*
Within 1 year	**2,212,595**	1,822,364
Over 1 year	**666,681**	526,653
Total	**2,879,276**	2,349,017

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.

CHAIRMEN'S STATEMENT

For the financial year 2024, constrained by the overall industry environment both domestically and internationally, the Group continued to face significant operational challenges. In 2024, China's GDP grew by 5% year-on-year, down slightly from the 5.4% expansion in the previous year. While there are signs of stabilization and recovery in real estate industry policies, consumer confidence remains weak, and a sales rebound will take time. During the reporting period, the Group's sales clearance progressed slowly, liquidity remained under pressure, and daily cash flow was primarily used to meet general operational needs. During the period, SZCDG, our substantial shareholder, supported and assisted China South City in communicating with domestic financial institutions to optimize contract terms, extend repayment deadlines, and reduce loan interest rates, successfully alleviating the Group's cash flow pressure.

In February 2024, due to the Group's financial constraints, the Company failed to pay part of its due debts, resulting in defaults and cross defaults on some of the debt payments. The Company has appointed financial and legal advisors to explore a holistic solution (the "**Holistic Solution**") for the Company's offshore debt situation to alleviate the current liquidity problem. However, some creditors filed a petition for liquidation of the Company in the High Court at the end of January 2025, we have since opposed the liquidation. The Company will actively respond and strengthen communication with creditors, and actively explore various Holistic Solution, with the goal of seeking a restructuring plan that is accepted and supported by all creditors.

During the financial year, the Group adjusted its operational strategy, restructured and planned its sales clearance and merchant recruitment operations, made an all-out effort to achieve cash collection targets, and elevated merchant recruitment and operations to the core focus of "ensuring stability and steady operations". In terms of business operations, the Group cultivated and introduced diverse industries such as new energy vehicle industrial parks, furniture and building materials industries, commercial chains, and artificial intelligence data centers, further enhancing the industrial ecosystem of its parks. At the same time, the Group fully implemented measures to "ensure property delivery and stabilize people's livelihoods", and has successfully completed the vast majority of its guaranteed delivery tasks.

In addition, the Group further upgraded its management team and stabilized park operations, striving to reduce costs, increase efficiency, and enhance merchant recruitment and operational capabilities. In terms of commercial operations, China South City projects nationwide proactively strengthened collaboration with various parties, actively engaged with leading industry enterprises, business associations, and relevant government entities to continuously introduce new industries and formats that complement China South City's existing ecosystem. For example, China South City Group entered into a cooperation agreement with Huamei Lijia Group; Le'erle Warehouse Wholesale Supermarket opened in CSC Nanchang; the Halal Food (Nanning) Headquarters Base was established in CSC Nanning; CSC Chongqing signed a cooperation agreement with Fuyunchi Group; and CSC Hefei partnered with Shushang Yunji to build an artificial intelligence foundational data base. In terms of transportation infrastructure, on 1 May 2024, the extension of Hefei Metro Line 4 officially began operations, adding a new metro line to CSC Hefei.

Based on industrial policies and market changes, the Group worked to improve its merchant recruitment and operational capabilities, continuously deepened its business transformation, and explored new growth potential. During the reporting period, constrained by an industry recovery that fell short of expectations, the overall sales clearance progress in the investment and development segment remained slow. However, the operational team overcame challenges and made positive progress in "ensuring property delivery". The Group vigorously promoted bulk asset sales, achieving breakthrough progress in bulk transactions in CSC Zhengzhou, while CSC Xi'an completed the full sale of multiple branded pavilions. And the Group as a whole has successfully completed the vast majority of its guaranteed delivery tasks. In terms of management and team building, SZCDG dispatched management teams on multiple occasions to guide and assist China South City with sales and merchant recruitment, optimizing its management. Meanwhile, the Group also restructured the organizational framework of various departments to achieve leaner and more efficient management.

Review of Marketing and Operations

During the reporting period, affected by economic downturns, the Group faced headwinds in its operations amidst difficulties. Merchants in the parks encountered varying degrees of operational challenges, which increased the difficulty of attracting new tenants. Coupled with factors such as tenant withdrawals, the Group's merchant recruitment performance and rental income came under pressure. In response to market changes, the Business Management Division reacted promptly by flexibly adjusting the business format demands and industrial positioning of China South City projects nationwide. With merchant recruitment and operations as the core focus, the Group adopted city-specific strategies, restructured frameworks, integrated resources, and upgraded services.

During the reporting period, the Huamei Lijia project was contracted and implemented in CSC Nanchang, aiming to jointly create the most cost-effective furniture and building materials market in Nanchang. CSC Shenzhen signed a new hotel brand lease spanning over 10,000 square meters, further enhancing the quality living options within the park. Additionally, China South City launched its first online cloud exhibition, along with multiple large-scale events such as the spring and autumn hardware and electromechanical and furniture and building materials joint exhibition and the branded new year goods festival. These events significantly boosted park foot traffic and supported merchant operations. Qianlong Logistics focused on building three major business platforms, namely a "park operation platform" as the foundation, a "warehousing service platform" as the core, and an "collection and distribution platform" as the main body, providing customers with comprehensive supply chain logistics solutions. During the reporting period, Qianlong Logistics engaged in discussions with potential high-quality clients such as the Want Want Group regarding logistics warehousing, seeking further cooperation opportunities. Huasheng Outlet launched a series of events including its 13th anniversary celebration and the winter shopping carnival, attracting numerous consumers for visits and purchases. During the winter shopping carnival, overall sales increased by approximately 11% compared to the same period last year, with the number of consumer members rising by 86% year-on-year. Furthermore, during the reporting period, Huasheng Commercial was honored with the "Top 50 China Outlets" award at the 11th Outlet Leadership Summit, Shenzhen Huasheng received the "2023–24 China Top 50 Outlets" award, and Zhengzhou Huasheng won the "2023–24 China Outlet Rising Star" award.

In addition, during the financial year, the Group achieved significant cost reduction and outstanding management results, with administrative expenses and sales and distribution expenses annualised decreasing by 42.9%. The Group continued to optimize its organizational structure and workforce, streamlined the headquarters' organizational framework, clarified functional responsibilities, and advanced adjustments to the organizational structure and personnel optimization of city-level companies. During the year, the Group's total number of employees decreased by 37.1%, and total compensation expenses were annualised reduced by 15.0%.

Future Prospects

Looking ahead to the new financial year, the Group will continue to adhere to its sustainable development strategy centered on "merchant recruitment and operations", closely monitor national development policies, align with market demands, and continuously optimize and upgrade its business structure. The Group will maintain prudent financial management, accelerate asset destocking, cost reduction and efficiency enhancement to further reduce interest-bearing liabilities. Moreover, the Group will shoulder its social responsibilities, continue to prioritize property delivery while solidifying its development foundation with merchant recruitment and operations at the core. In terms of business operations, the Group will seek deeper cooperation with more enterprises, tap into park resources, and create new business growth opportunities. In the future, guided by national policies, the Group will build on its existing advantageous business while actively exploring emerging sectors such as health and wellness, cultural and sports tourism, low-altitude economy, pet economy, "Goods" economy, new energy industries, and smart logistics, aiming to reward the trust and support of our shareholders, customers and business partners.

Finally, on behalf of the Board, we extend our sincerest gratitude to the shareholders, customers and business partners who have consistently trusted and supported the Group. We also express our heartfelt thanks to the entire management team and all employees of China South City.

Li Wenxiong and Cheng Chung Hing
Co-Chairmen

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the previous fiscal year, international trade frictions persisted, and geopolitical crises continued unabated. In China, economic recovery fell short of expectations. According to data from the National Bureau of Statistics, China's GDP grew by 5% year-on-year in 2024, a significant slowdown compared to the same period last year. In terms of market sales, the macroeconomy is weak, consumer confidence is significantly lacking, and after the industry's downward adjustment, a strong wait-and-see sentiment prevails, resulted in an overall sales recovery that remained weak. Real estate companies continued to face operational difficulties.

In response to the adverse impacts of such complex environment, the Company's management and all employees rose to the challenge, actively aligning with national policy directives and prioritizing delivery commitments. At the same time, we adjusted operational strategies promptly with focus on commercial operations as the core, accelerated asset disposal, optimized organizational structures, reduced costs while increasing efficiency, enhanced liquidity, and maintained safe and stable operations. However, due to changes in the external environment and multiple factors such as sales falling short of expectations, the Group's liquidity became increasingly strained.

Investment and Development Division

The Investment and Development Division mainly focuses on project investment, development and construction, laying a solid foundation for subsequent merchant recruitment and project operations. To meet the diverse needs of projects across different regions, the Group has developed various commercial complexes in multiple projects. The Group has projects featuring multifunctional commercial and supporting facilities in cities such as Zhengzhou, Chongqing, Nanchang and Shenzhen. In 2024, the Group further deepened its efforts in cost reduction, efficiency enhancement, deleveraging and talent structure optimization to create a stable environment for corporate development. We actively pursued inventory reduction and bulk sales in various cities. In particular, CSC Zhengzhou achieved a breakthrough in bulk transactions, with the local government repurchasing over 1,000 residential units in June 2024, and Zhengzhou Qianlong completed its overall sales. Additionally, CSC Xi'an completed the bulk sale of multiple brand pavilions, and the Group as a whole has successfully completed the vast majority of its guaranteed delivery tasks.

Business Management Division

The Business Management team is mainly dedicated to the Group's project merchant recruitment merchant recruitment and project operations, providing professional operation and management services for all links of China South City, including development, investing and financing. The business scope includes trade centres, logistics parks, hotels, comprehensive business centres, commercial blocks, community centres, residential, multi-functional properties etc.

To better coordinate related businesses, the Business Management team focusing on operational targets, strengthening planning and business management. Through industry and policy research, as well as collaboration with chambers of commerce and industry resources, the team positioned property types and introduced resources, achieving breakthroughs in large-scale commercial leasing and successfully delivering outstanding performance in traditional sectors such as furniture, hardware and electromechanical products, hotel supplies and food. In addition, investment promotion efforts were actively deployed in areas such as new energy vehicles, spices and Chinese medicinal herbs, vocational skills training and cultural industries. Furthermore, active exploration was made in fields like health and wellness, cultural and sports tourism, low-altitude economy, cross-border e-commerce, pet economy, "Goods" economy, new energy industry and smart logistics.

Operational management and event planning provided excellent operational services to merchants by enhancing both online and offline offerings, organizing promotional campaigns and exhibitions, driving foot traffic and consumer demand and helping merchants improve performance and profitability, thus ensuring business stability, supporting growth and fostering prosperity of the merchants. During the Reporting Period, the Business Management Division continued to introduce high-quality business formats and merchants, further elevating commercial operations and service levels. On 30 May 2024, China South City Group and Huamei Lijia Group reached a strategic partnership, steadily implementing a 450,000 square meters furniture and building materials brand pavilion in CSC Nanchang. On 26 September 2024, the Halal Food (Nanning) Headquarters Base signed an intent agreement with CSC Nanning. On 8 November 2024, CSC Chongqing signed a cooperation agreement with Fuyunchi Group. On 22 November 2024, Le'erle Supermarket opened grandly in CSC Nanchang. Additionally, CSC Hefei intended to collaborate with Baidu and Shushang Yunji to build an artificial intelligence foundational data base while actively promoting the establishment of a new energy vehicle industrial park. CSC Chongqing steadily expanded its hotel supplies and food markets based on the strengths of existing business formats, and established an online centralized procurement platform to create digital empowerment and enhance operations and services. CSC Xi'an continued to build the largest hardware and electromechanical industry cluster in Northwest China, while CSC Zhengzhou solidified its position as the largest furniture, building materials and automotive parts market in Central China. Online and offline exhibitions and promotional events were held across regions, effectively supporting merchant operations, including the China South City Online Cloud Exhibition, the Spring and Autumn Hardware and Electromechanical and Furniture Joint Exhibitions and the New Year Goods Festival.

The overall development of China South City aligns closely with major national and local strategies such as the "Guangdong-Hong Kong-Macao Guangdong-Hong Kong-Macao Greater Bay Area", "Accelerating the Construction of a Unified National Market" and "Industrial Upgrading". In the future, China South City will closely follow central and local industrial policies to enhance the overall commercial environment and value, leverage the resource advantages of its state-owned enterprise platform to further consolidate its leading position in the trade and logistics industry. At the same time, we will closely follow the wave of digitalization and artificial intelligence development, plan industrial layouts in advance, and explore the use of cutting-edge technologies such as big data and artificial intelligence (AI) to comprehensively improve work efficiency and quality, thereby injecting new momentum into the Group's development.

Outlet Operations

Huasheng Company under the Group is specialized in outlet development and operation, and increasingly enhances its commercial value through professional and effective commercial asset management. During the Reporting Period, Huasheng Outlet held its 13th anniversary celebration, a winter shopping carnival and other events, successfully attracting numerous consumers for purchasing. Foot traffic increased across all seven cities during the events, with significant sales growth for flagship brands. In addition, at the 11th China Outlet Leadership Summit, co-hosted by the China Outlet Association and Yangtze Evening News of Xinhua Media Group, Huasheng Commercial won the "Top 50 China Outlets" award. Shenzhen Huasheng was named among the "2023–24 Top 50 China Outlets", Zhengzhou Huasheng received the "2023–24 China Outlet Rising Star" award, and Huasheng Commercial's first light-asset project, Zhuhai Huasheng Outlets • Impression City, was honored as the "2024–25 Most Anticipated Outlet".

Logistics and Warehousing Services

Qianlong Logistics under the Group is a comprehensive modern logistics company aiming to build three core platforms: a "park operations platform" as the foundation, a "warehousing service platform" as the core and an "integrated transportation and delivery platform" as the main body, providing full supply chain comprehensive logistics solutions to customers. As a professional operator of e-commerce logistics information industrial parks, Qianlong Logistics has focused on developing logistics resources in the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta, constructing and operating standardized and modern e-commerce logistics parks. By integrating big data, artificial intelligence, automation equipment, visualization, sensors and other technologies, devices and applications, it is fully transitioning toward smart and digital modern logistics. During the Reporting Period, the transfer of certain projects, such as those in Zhengzhou, facilitated cash inflows, bolstering the Group's liquidity.

First Asia Pacific Group (Associated Company)

As a property service provider in China South City, First Asia Pacific Group adopts a diversified property management model to ensure stable revenue and pursue sustainable development. It develops residential facilities, shopping malls, wholesale markets, as well as conference and exhibition to create synergy, and adjusts and optimizes business priorities based on local conditions. After years of development, First Asia Pacific Group has achieved National First-Class Property Management Qualification, becoming one of the few domestic integrated property management companies capable of managing ultra-large commodity trading centers, commercial properties and residential properties. During the Reporting Period, it received multiple honors. In addition to the four awards such as "2024 Guangdong

Property Industry Comprehensive Strength Enterprise", as of 2024, it successfully obtained a 3A-level enterprise credit rating certificate and five certification certificates: ISO9001 Quality Management System, ISO14001 Environmental Management System, ISO45001 Occupational Health and Safety Management System, ISO27001 Information Security Management System, and ISO50001 Energy Management System. These five systems are now operating in parallel, promoting the Company's high-quality development and leading a comprehensive upgrade of its management across all domains.

Exhibitions and Events

During the Reporting Period, the Group organized numerous branded exhibitions and events, supporting park merchants' operations and actively boosting regional economic development. These included the Longgang District 2nd Live Streaming + Cross-Border E-commerce Product Selection Conference and Shopping Carnival held at CSC Shenzhen, where government representatives attended, providing a platform for park enterprises and promoting the clustering of the cross-border e-commerce industry. CSC Chongqing Exhibition Center successfully hosted the 2nd Furniture and Building Materials Exhibition, attracting nearly 200 furniture manufacturers from Nankang, Chengdu, Guangdong and other regions. CSC Zhengzhou hosted the "2024 China South City Furniture and Building Materials Expo and 12th CSC Zhengzhou • Central China (Spring) Building Materials and Hardware Exhibition", with a total exhibition area of 40,000 square meters and approximately 1,500 standard booths, drawing tens of thousands of dealers nationwide on the opening day. CSC Nanning's 8th Spring Curtain Ordering Conference attracted over 1,000 professional buyers, providing merchants a platform to showcase new products and technologies while effectively driving regional economic synergy. Huasheng Outlet' 13th anniversary and winter super shopping carnival series boosted performance across seven cities, with Zhengzhou Huasheng Outlet recording a 44% year-on-year increase and Hefei Huasheng Outlet a 38% increase. Additionally, the 2024 China South City (Autumn) Hardware and Electromechanical and Furniture Joint Exhibition led by the Group was successfully held across multiple cities including Zhengzhou, Chongqing, Hefei, Nanning, Nanchang, Xi'an and Shenzhen, enhancing merchant operations with bustling scenes and increased transactions and influence. The 2024 China South City New Year Goods Festival launched at year-end of 2024 across cities like Zhengzhou, Shenzhen, Hefei, Nanning and Chongqing, promoted themed products and features in surrounding communities, creating a one-stop and cost-effective Chinese New Year goods shopping platform that supported park merchants' operations. Moving forward, the Group will continue to plan diverse branded exhibitions and events, and actively integrate park resources to promote stable merchant operations and further drive regional economic development.

Land Bank

Adapting a unique and flexible business model, the Group intends to retain commercial properties including logistics and warehousing facilities and hotels as well as certain trade centre units for self-use or long-term leasing purposes in order to generate stable recurring income and achieve asset appreciation. The remaining certain trade centre units and residential properties will be listed for sale to generate cash flow for the Group's development.

The table below sets forth the breakdown of the total land bank of the subsidiaries and an associate company of the Group as at 31 December 2024:

Region	Main Planned Usage of Projects	Site Area	Gross Land Bank Area[1]	Attributable Interests Held by the Group
		(sq.m)	*(sq.m)*	*(%)*
Properties developed by the Group and its subsidiaries				
Shenzhen	Trade centres, commercial, hotels, warehouse and other ancillary facilities	1,023,500	1,726,600	100%
Nanchang	Trade centres, residential, commercial, warehouse and other ancillary facilities	1,799,400	2,823,800	100%
Nanning	Trade centres, residential, commercial, warehouse and other ancillary facilities	728,400	2,224,400	100%
Xi'an	Commercial and other ancillary facilities	58,200	116,500	100%
Harbin	Trade centres, residential, commercial, hotels, warehouse and other ancillary facilities	2,143,600	6,190,300	100%
Zhengzhou	Trade centres, residential, commercial, warehouse and other ancillary facilities	3,193,800	7,738,400	100%
Hefei	Trade centres, residential, commercial, warehouse and other ancillary facilities	2,022,000	3,613,200	100%
Chongqing	Trade centres, residential, commercial, warehouse and other ancillary facilities	2,339,300	5,666,400	100%
Sub-total of land bank developed by the Group and its subsidiaries			30,099,600	
Sub-total of interests in the land bank developed by the Group and its subsidiaries			30,099,600	
Properties developed by the Group's associate				
Xi'an	Trade centres, residential, commercial, warehouse and other ancillary facilities	1,444,300	3,131,900	30.65%
Sub-total of land bank developed by the Group's associate			3,131,900	
Sub-total of interests in the land bank developed by the Group's associate			959,900	
Total			**33,231,500**	
Total interests			**31,059,500**	

Note:

1. Gross land bank area in term of GFA equals to the sum of total completed GFA available for sale and leasable GFA, total GFA under development and held for future development (including public area).

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 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 December 2024, the total interest-bearing debts of the Group were HK$30,220.4 million (31 December 2023: HK$31,752.3 million). The gearing ratio was 110.9% (31 December 2023: 84.0%). Furthermore, as at 31 December 2024, cash and bank balances were HK$717.7 million (31 December 2023: HK$1,143.6 million).

Comparing with the last fiscal year, the revenue of the Group increased by 16.4% to HK$4,083.4 million (FY2023: HK$3,508.9 million). Net loss attributable to owners of the parent was HK$8,975.8 million (FY2023: HK$4,317.5 million) and the basic loss per share was HK78.45 cents (FY2023: HK37.73 cents). The net loss attributable to owners of the parent and loss per share are mainly due to (i) increase in the provision for inventory impairment; (ii) reversal of deferred tax assets; (iii) increase in finance cost due to reduce of interest capitalised on properties under development; and (iv) fair value losses on investment properties.

The Group changed its financial year end date from 31 March to 31 December at the end of 2023. Accordingly, the preceding financial period covered the nine months ended 31 December 2023 whereas the current financial year covered the twelve months ended 31 December 2024. Therefore, the relevant figures shown are not directly comparable.

Revenue

Revenue for the Year increased by 16.4% to HK$4,083.4 million (FY2023: HK$3,508.9 million) comparing with last fiscal year, which was mainly attributable to both increase in sales of properties and recurring income during the Year.

	For the year ended 31 December 2024 *HK$'000*	For the nine months ended 31 December 2023 *HK$'000*	**Change** %
Sale of properties	**2,995,091**	2,522,694	+18.7
Recurring income	**1,088,289**	986,232	+10.3
Property leasing income	***543,129***	*456,863*	*+18.9*
Other recurring revenue	***545,160***	*529,369*	*+3.0*
	4,083,380	3,508,926	+16.4

Sales of Properties

Revenue from sale of properties increased by 18.7% to HK$2,995.1 million (FY2023: HK$2,522.7 million). The increase was mainly due to the fact that during the Year, more properties that had completed contract sales in previous periods were delivered during the Year. Due to the very weak overall property market, property contract sales during the Year recorded a deep adjustment compared to the same period last year.

Property Leasing Income

The Group intends to retain certain of 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 the needs of different property types and industries across respective projects during the Year. Property leasing 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 income. During the Year, due to decline of leasing demand, the Group's property rental income was HK$543.1 million, an annualized decrease of 10.9% compared with last financial period (FY2023: HK$456.9 million).

Other Recurring Revenue

Other recurring revenue increased by 3.0% to HK$545.2 million (FY2023: HK$529.4 million). Revenue from logistics and warehousing services decreased to HK$123.5 million (FY2023: HK$179.0 million) due to the decrease in the third party logistic services income for the Year, and the revenue from outlet operations increased to HK$326.8 million (FY2023: HK$261.5 million), mainly attributable to boost-up promotion in order to attract customers during the year.

Cost of Sales

The Group's cost of sales mainly includes construction costs, capitalized interest and land costs of properties sold, and operating costs of recurring business. During the Year, the cost of sales increased by 22.9% to HK$3,317.5 million (FY2023: HK$2,700.2 million). The increase in cost of sales was due to the increase in the projects delivered.

Gross Profit

Gross profit decreased by 5.3% to HK$765.9 million (FY2023: HK$808.7 million). During the Year, gross profit margin decreased to 18.8% (FY2023: 23.0%), which was mainly due to the relatively low in average selling price of properties previous sold.

Other Income and Gains/(Losses), Net

During the Year, other income decreased by 67.2% to HK$31.3 million (FY2023: HK$95.5 million), which was mainly attributable to the decrease in interest income and government grant. In addition, other gains/(losses) turned to the gains of HK$122.7 million from the losses of HK$632.9 million, which was mainly attributable to the gains on modification of interest-bearing bank and other borrowings during the Year.

Fair Value Losses on Investment Properties

The fair value losses on investment properties were HK$2,483.5 million (FY2023: HK$2,317.4 million), mainly due to the decrease in demand for leasing.

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.

Selling and Distribution Expenses

The Group's selling and distribution expenses was HK$165.7 million (FY2023: HK$166.0 million), but the annualised decrease of 25.2% was mainly attributable to the implementation of effective cost control measures over marketing activities on the sales of properties during the Year.

Administrative Expenses

Administrative expenses decreased by 29.8% to HK$463.6 million (FY2023: HK$660.0 million), and the annualized decrease was 47.3% due to actions taken by the Group to streamline human resource and the effective control of administrative costs.

Other Expenses

Other expenses increased by 175.1% to HK$4,595.2 million (FY2023: HK$1,670.5 million), which was mainly attributable to the impairment of properties held for sales.

Finance Costs

Finance costs increased by 140.3% to HK$1,522.5 million (FY2023: HK$633.7 million) due to the reduce of interest capitalised on properties under development. By optimizing the financial structure, the Group's weighted average financing cost decreased to 6.8% as at 31 December 2024 (31 December 2023: 7.3%).

Share of Profits of Associates

During the Year, the Group recorded share of profits of associates of HK$33.9 million (FY2023: 98.9 million), which was primarily attributable to the profits contributed by First Asia Pacific Group during the Year.

Tax

Income tax reported a expense of HK$699.3 million (FY2023: credit of HK$759.8 million), due to the reversal of deferred tax assets.

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 December 2024, the Group had HK$717.7 million cash and bank balances (31 December 2023: HK$1,143.6 million), of which HK$676.6 million were restricted cash (31 December 2023: HK$913.6 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 December 2024, the total interest-bearing debts of the Group were HK$30,220.4 million (31 December 2023: HK$31,752.3 million). The details of borrowings and charges on the Group's assets are set out below.

Interest-bearing Bank and Other Borrowings

The following table sets out the maturity of the Group's interest-bearing bank and other borrowings and the extent of the Group's total borrowings subject to fixed or floating interest rates as at the dates indicated:

	31 December 2024 *HK$'000*	31 December 2023 *HK$'000*
Interest-bearing bank and other borrowings repayable:		
Within one year	**7,798,797**	7,403,739
Between one and two years	**5,969,732**	4,288,092
Between three and five years	**1,611,298**	4,862,537
More than five years	**4,398,049**	4,741,412
Total	**19,777,876**	21,295,780
By fixed or floating interest rates		
Fixed interest rate	**7,875,549**	6,604,133
Floating interest rate	**11,902,327**	14,691,647
Total	**19,777,876**	21,295,780

As at 31 December 2024, the Group's interest-bearing bank and other borrowings of approximately HK$19,203.8 million were secured by certain buildings, investment properties, properties under development, properties held for sales and bank deposits with a total carrying value of approximately HK$50,122.9 million. All interest-bearing bank and other borrowings of the Group were denominated in HK dollars, Renminbi or US dollars.

As at 31 December 2024, the Defaulted Borrowing amount of HK$15,742 million had not been repaid according to their scheduled repayment date, triggering an aggregate amount of HK$375 million of the Cross Defaulted Borrowings to become repayable on demand.

Issuance of Notes

Senior Notes

Other details of movement during the Year are set out below:

	9.0% senior notes due April 2024	9.0% senior notes due June 2024	4.5% senior notes due August 2027 (9.0% senior notes due July 2024)	9.0% senior notes due October 2024	9.0% senior notes due December 2024
ISIN	XS2085883119	XS2120092882	XS1720216388	XS2238030162	XS2227909640
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Issued nominal value	350,000	350,000	300,000	225,000	370,000
As at 1 January 2024	288,840	287,180	236,729	202,500	333,000
Redeem upon maturity	–	–	(9,469)	–	–
As at 31 December 2024	288,840	287,180	227,260	202,500	333,000

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

In April 2024, the Company received certain notices of acceleration from trustees at the request of the bondholders to demand immediate payment in full of all amounts of outstanding principal and accrued and unpaid interest due in respect of senior notes due June 2024, senior notes due October 2024, senior notes due December 2024 and senior notes due July 2027.

At the announcement date, the Company did not repay the above payment.

As at 31 December 2024, the carrying value of Senior Notes were HK$10,442.5 million (31 December 2023: HK$10,456.5 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.

Gearing Ratio

The Group's gearing ratio (net debt divided by total equity) was 110.9% as at 31 December 2024 (31 December 2023: 84.0%).

Net Current Assets and Current Ratio

As at 31 December 2024, the Group had net current liabilities of HK$2,848.1 million (31 December 2023: net current assets of HK$6,603.8 million) and a current ratio of 0.93 (31 December 2023: 1.17).

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.

Pursuant to the investment agreement dated 16 December 2022 , China South City Group Co., Ltd. ("**the Seller**"), China South International Industrial Materials City (Shenzhen) Co., Ltd. ("**China South International**") and Xi'an China South City Co., Ltd. ("**the Target Company**") granted to (Shenzhen Shenji No. 1 Industrial Park Investment and Operation Co., Ltd. ("**the Subscriber**") the Put Option (the "**Put Option**"), pursuant to which the Subscriber is entitled to sell at its discretion all or part of the shares held by it in the Target Company to the Seller and/or China South International from the date falling 54 months after completion, where certain events do not occur, at the exercise price.

The exercise price shall be calculated based on the following formula and be settled in cash:

Exercise price = A+A x B x C/360 – D

A = subscription consideration actually paid by the Subscriber

B = a return rate of 6.0%

C = actual number of days from the date on which the subscription consideration is paid by the Subscriber to the date on which the exercise price is received by the Subscriber

D = dividend of the Target Company distributed to and actually received by the Subscriber (if any)

As of the end of the year, the actual subscription consideration paid by the subscriber was RMB3,500.0 million. As of 31 December 2024, the fair value of the Put Option was HK$1,037.3 million and has been recognized as a financial liability at fair value through profit and loss (31 December 2023: HK$1,070.1 million).

Commitments

As at 31 December 2024, the Group had future capital expenditure contracted but not yet provided for amounting to HK$4,653.8 million (31 December 2023: HK$6,430.6 million).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries and Associates

For the year ended 31 December 2024, the Company has no other significant investments or material acquisitions or disposals of subsidiaries and associates.

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.

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 affected by multiple uncertainties, which may lead to a decrease in property sales and prices, property rental income and occupancy rates, as well as a decrease in demand for the supporting services and facilities it provides. It may also result in credit constraints and increased financing and other operating costs. As the Group takes time to develop, it may be affected by various risks. Although the Group engages high-quality partners for project development, it may still be affected by risks arising from the quality and safety of the products and services they provide. The management of the Group will make timely adjustments in response to such changes and risks. The Group's further approach to managing financial risks will be set out in the notes to the financial statements.

Land for Projects and Restriction on Sales

The Group enters into 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.

According to certain contracts and documents related to certain projects and land, there are restrictions on the sale or development of some project land or the properties built thereon. According to the business model of the Group, the Group plans to hold certain trading centers and commercial supporting facilities for leasing and self-use and develop the project land in sections. Such restrictions may result in the Group facing fines from regulatory authorities or the recovery of the right to use the relevant land. Such restrictions have no significant impact on the Group's business.

Human Resources

As at 31 December 2024, the Group had a workforce of 1,262 employees. The Group aims to optimize the organizational structure and talent structure to further control operating costs, 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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of independent auditor's report to be issued by the external auditor of the Company:

Disclaimer of opinion

We were engaged to audit the consolidated financial statements of China South City Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Multiple uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded net loss of HK$8,976 million for the year ended 31 December 2024, and as at 31 December 2024, the Group's current liabilities exceeded its current assets by HK$2,848 million. The Group's current portion of interest-bearing debts (comprising senior notes and interest-bearing bank and other borrowings) amounted to HK$18,241 million, while its cash and cash equivalents amounted to HK$41 million. As at 31 December 2024, the principal or interest payable relating to aggregate amount of HK$15,742 million of interest-bearing debts had not been repaid according to their scheduled repayment date (the "**Defaulted Borrowings**"), triggering an aggregate amount of HK$375 million interest-bearing debts (the "**Cross Defaulted Borrowings**") to become repayable on demand. A winding-up petition was filed by Citicorp International Limited (the "**Petitioner**") against the Company on 27 January 2025.

These conditions, together with other matters disclosed in Note 2.1 to the consolidated financial statements, indicate the existence of multiple material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking restructuring plans and measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including:

(i) successful and timely debt restructuring with the lenders of the Group's Defaulted and Cross Defaulted Borrowings;

(ii) successful dismissal of the winding-up petition;

(iii) successful and timely implementation of the plans to dispose of certain of the Group's equity interests in certain property projects to raise the level of liquid funds;

(iv) timely implementation of the plans to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables; and

(v) successful execution in taking active measures to control administrative costs and maintain containment of capital expenditures.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amount of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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 C1 to the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (the "**Listing Rules**") during the Year.

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 C3 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 three Independent Non-Executive Directors and one Non-Executive Director, including Mr. Li Wai Keung (chairman of Audit Committee), Mr. Leung Kwan Yuen Andrew, Mr. Hui Chiu Chung and Ms. Shen Lifeng. The majority 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 December 2024. 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 December 2024 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 redeemed part of the Senior Notes upon maturity with an aggregated principle amount of US$9.469 million. Details are set out in the section headed "Senior Notes" and notes to the financial statements.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

CLOSURE OF REGISTER OF MEMBERS

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

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the AGM to be held on Friday, 27 June 2025, the register of members of the Company will be closed on Tuesday, 24 June 2025 to Friday, 27 June 2025, both days inclusive. In order to qualify for attending and voting at the AGM, 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, 23 June 2025.

For and on behalf of the Board
China South City Holdings Limited
Li Wenxiong and Cheng Chung Hing
Co-Chairmen

28 March 2025

As at the date of this announcement, the Co-Chairmen of the Company are Mr. Li Wenxiong (Non-Executive Director) and Mr. Cheng Chung Hing (Executive Director); the Executive Directors of the Company are Mr. Wan Hongtao, Ms. Fang Ling, Ms. Xu Hongxia and Mr. Liu Heng; the Non-Executive Directors of the Company are Mr. Fung Sing Hong Stephen, Ms. Shen Lifeng, Ms. Li Aihua and Ms. Deng Jin; and the Independent Non-Executive Directors of the Company are Mr. Leung Kwan Yuen Andrew, GBM, GBS, JP, Mr. Li Wai Keung, Mr. Hui Chiu Chung, JP, Ms. Zee Helen and Dr. Li Xu.

*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.*