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seazen

新城发展

SEAZEN GROUP LIMITED

新城發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1030)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

RESULTS HIGHLIGHTS

- Contracted sales* were approximately RMB117,664 million, representing a period-on-period increase of 20.7%;
- Rental income** from Wuyue Plazas was approximately RMB3,667 million, representing a period-on-period increase of 72.0%;
- Revenue was approximately RMB79,802.2 million, representing a period-on-period growth of approximately 110.5%;
- Gross profit was approximately RMB14,034.3 million, representing a period-on-period growth of approximately 60.3%;
- Core earnings*** were approximately RMB4,300 million, representing a period-on-period growth of 31.1%. Core earnings attributable to equity holders of the Company were approximately RMB2,662 million, representing a period-on-period growth of 62.5%;
- Total cash including restricted cash was approximately RMB57,098 million, with a net debt-to-equity ratio of 65.2%;
- The weighted average interest rate was 6.5%;
- The contracted amount of pre-sold but not recognized* was approximately RMB343,872 million, subject to recognition; and
- Total gross floor area (“GFA”) of the land bank* was approximately 150 million sq.m., with an average acquisition cost of approximately RMB2,674 per sq.m.

* Including joint ventures and associates

** Rental income includes property management fees

*** Core earnings equal to net profit less after-tax fair value gains or losses on investment properties and financial assets and unrealized foreign exchange gains or losses relating to borrowings and financial assets and after-tax profit or loss on disposal of subsidiaries.

The board (the “**Board**”) of directors (the “**Directors**”) of Seazen Group Limited (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2021 (or the “**Reporting Period**”), together with comparative figures for 2020, as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		6,610,645	6,498,269
Right-of-use assets		1,063,183	1,070,163
Investment properties		93,994,054	85,705,342
Intangible assets		404,286	412,761
Investment in associates		15,930,766	12,724,497
Investment in joint ventures		9,837,908	10,184,181
Deferred income tax assets		5,642,193	4,767,163
Financial assets at fair value through profit or loss		366,571	466,271
Financial assets at amortised costs		337,809	570,229
Goodwill		10,260	10,260
Trade and other receivables and prepayments	5	163,502	257,218
Total non-current assets		134,361,177	122,666,354
Current assets			
Prepayments for leasehold land		14,481,236	12,734,497
Properties held or under development for sale		283,940,000	270,616,600
Trade and other receivables and prepayments	5	84,621,056	70,308,846
Contract costs		2,170,422	2,473,915
Financial assets at fair value through other comprehensive income		920,602	677,362
Financial assets at fair value through profit or loss		719,457	869,292
Financial assets at amortised costs		539,605	773,022
Restricted cash		3,982,223	4,402,276
Cash and cash equivalents		53,115,332	58,965,908
Total current assets		444,489,933	421,821,718
Total assets		578,851,110	544,488,072

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	<i>Note</i>	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital: nominal value	6	5,103	5,081
Reserves		36,342,573	35,763,189
		36,347,676	35,768,270
Non-controlling interests		51,592,908	45,701,702
Total equity		87,940,584	81,469,972
LIABILITIES			
Non-current liabilities			
Borrowings	7	81,008,261	73,417,094
Lease liabilities		642,686	663,024
Deferred income tax liabilities		5,715,890	5,703,404
Total non-current liabilities		87,366,837	79,783,522
Current liabilities			
Trade and other payables	8	158,466,722	134,148,309
Advances from lessees		914,332	794,544
Contract liabilities		197,512,166	202,196,750
Current income tax liabilities		13,121,257	14,770,224
Borrowings	7	33,436,543	31,226,480
Lease liabilities		92,669	98,271
Total current liabilities		403,543,689	383,234,578
Total liabilities		490,910,526	463,018,100
Total equity and liabilities		578,851,110	544,488,072

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

		Six months ended 30 June	
	Note	2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	9	79,802,227	37,905,194
Cost of sales and services	10	(65,767,955)	(29,151,514)
Gross profit		14,034,272	8,753,680
Fair value gains on investment properties		551,722	588,282
Fair value losses on financial instruments at fair value through profit or loss		(34,967)	(58,997)
Selling and marketing costs	10	(2,767,499)	(1,922,325)
Administrative expenses	10	(2,571,862)	(2,230,133)
Net impairment (losses)/gains on financial assets		(355,623)	11,626
Other income		235,550	145,612
Other expenses		(12,600)	(16,147)
Other (losses)/gains – net		(32,007)	27,857
Operating profit		9,046,986	5,299,455
Finance income	11	269,062	290,505
Finance costs	11	(1,096,139)	(943,491)
Finance costs – net	11	(827,077)	(652,986)
Share of results of associates		94,169	750,025
Share of results of joint ventures		446,585	465,062
Profit before income tax		8,760,663	5,861,556
Income tax expense	12	(4,100,900)	(2,370,012)
Profit for the period		4,659,763	3,491,544
Profit for the period attributable to:			
– Equity holders of the Company		2,914,918	1,758,454
– Non-controlling interests		1,744,845	1,733,090
		4,659,763	3,491,544
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	13	RMB0.47	RMB0.28
– Diluted earnings per share	13	RMB0.47	RMB0.28

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit for the period	<u>4,659,763</u>	<u>3,491,544</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	184,977	(221,981)
– Changes in fair value of financial assets at fair value through other comprehensive income	(2,272)	–
<i>Items that will not be reclassified subsequently to profit or loss</i>		
– Currency translation differences attributable to non-controlling interests	89,983	–
– Share of other comprehensive income of an associate accounted for using the equity method	(2,463)	(40,745)
– Changes in fair value of financial assets at fair value through other comprehensive income	<u>(1,515)</u>	<u>(9,102)</u>
Other comprehensive income/(loss) for the period net of tax	<u>268,710</u>	<u>(271,828)</u>
Total comprehensive income for the period	<u>4,928,473</u>	<u>3,219,716</u>
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	3,095,160	1,561,807
– Non-controlling interests	<u>1,833,313</u>	<u>1,657,909</u>
	<u>4,928,473</u>	<u>3,219,716</u>

1 GENERAL INFORMATION

Seazen Group Limited (the “**Company**”) was incorporated in the Cayman Islands on 23 April 2010 as an exempted company with limited liability under the Companies Law (2010 Revision) of the Cayman Islands. The address of its registered office is Grand Pavilion, Hibiscus Way, 802 West Bay Road, P.O. Box 31119, Grand Cayman KY1-1205, Cayman Islands.

The principal activities of the Company and its subsidiaries (together, the “**Group**”) are property development and property investment in the People’s Republic of China (the “**PRC**”). The Company’s parent company is Wealth Zone Hong Kong Investments Limited and the Company’s ultimate holding company is First Priority Group Limited, both of which are incorporated in the British Virgin Islands. The ultimate controlling party of the Group is Mr. Wang Zhenhua (“**Mr Wang**” or the “**Controlling Shareholder**”).

The Company’s shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 29 November 2012 (the “**Listing**”).

The condensed consolidated interim financial statements are presented in thousands of Renminbi (“**RMB’ 000**”), unless otherwise stated, and were approved and authorized for issue by the board of directors of the Company on 27 August 2021.

The condensed consolidated interim financial statements have not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The interim results announcement does not include all the notes of the type normally included in an annual financial report. Accordingly, the condensed consolidated interim financial statements should be read in conjunction with the annual consolidated financial statements of the Company for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with the annual consolidated financial statements of the Group for the year ended 31 December 2020, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Income tax expense is recognised based on management’s estimation of the weighted average effective annual income tax rate expected for the full financial year.

3.1 New standards, amendments and interpretation adopted by the Group for the six months ended 30 June 2021

- Amendments to HKFRS 9, HKFRS 7, HKFRS 4, HKFRS 16 and HKAS 39 – Interest Rate Benchmark Reform – Phase 2

The adoption of the above new amendments starting from 1 January 2021 did not give rise to significant impact on the Group’s results of operations and financial position for the six months ended 30 June 2021.

3.2 Impact of standards issued but not yet applied by the Group

Certain new accounting standard, amendments and interpretation have been published but are not mandatory for the financial year beginning 1 January 2021 and have not been early adopted by the Group. These new accounting standard, amendments and interpretation are not expected to have a material impact on the Group’s financial statements when they become effective.

4 SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (the “CODM”) that are used to make strategic decisions. The board of directors have been identified as the CODM.

The Group manages its business by two operating segments, which is consistent with the way in which information is reported internally to the Group’s CODM for the purpose of resources allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

- Seazen Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange (the “A share company” or “Seazen Holdings”).
- Other service companies not within the A share company (the “Non-A share companies”).

The A share company is mainly engaged in development of residential properties and mixed-use complexes for sale and investment, while the Non-A share companies are mainly engaged in services. Corporate expenses are also primarily included in the Non-A share companies segment. All the property development projects are in the PRC, and accordingly majority of the revenue of the Group are derived from the PRC and most of the assets are located in the PRC.

The CODM assesses the performance of the operating segments based on a measure of revenue and profit before income tax. The measurement basis excludes the effects of income tax expense.

	Six months ended 30 June 2021 (Unaudited)				
	A share company RMB’000	Non-A share companies RMB’000	Total segment RMB’000	Elimination RMB’000	Total Group RMB’000
Segment revenue	79,105,164	824,075	79,929,239	(127,012)	79,802,227
– At a point in time	74,487,859	575,603	75,063,462	(2,084)	75,061,378
– Over time	2,551,365	248,072	2,799,437	(60,075)	2,739,362
– Rental income	2,065,940	400	2,066,340	(64,853)	2,001,487
Segment profit before income tax expense	8,905,024	3,210,283	12,115,307	(3,354,644)*	8,760,663
Fair value gains on investment properties	584,373	–	584,373	(32,651)	551,722
Fair value (losses)/gains on financial instruments at fair value through profit or loss	(42,605)	7,638	(34,967)	–	(34,967)
Finance income	261,061	302,124	563,185	(294,123)	269,062
Finance costs	(1,029,614)	(360,648)	(1,390,262)	294,123	(1,096,139)
Depreciation and amortisation	(213,582)	(178,266)	(391,848)	–	(391,848)
Share of results of associates	96,004	132,274	228,278	(134,109)	94,169
Share of results of joint ventures	447,763	(1,178)	446,585	–	446,585

- * The elimination mainly represents the dividends of RMB3,107,390,000 declared by the A share company attributable to the Company.

A reconciliation to profit for the period is as follows:

	Six months ended 30 June 2021 RMB’000 (Unaudited)
Total segment profits before income tax expense after elimination	8,760,663
Income tax expense	(4,100,900)
Profit for the period	4,659,763

	As at 30 June 2021 (Unaudited)				
	A share company RMB'000	Non-A share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment assets	571,424,272	21,427,832	592,852,104	(14,000,994)	578,851,110
Segment assets include:					
Investments in associates	15,389,245	2,328,027	17,717,272	(1,786,506)*	15,930,766
Investments in joint ventures	9,808,923	28,985	9,837,908	–	9,837,908
Additions to non-current assets (other than financial instruments and deferred tax assets)	8,237,311	51,764	8,289,075	–	8,289,075
Segment liabilities	<u>484,016,525</u>	<u>17,221,246</u>	<u>501,237,771</u>	<u>(10,327,245)</u>	<u>490,910,526</u>

* The elimination mainly represents the Non-A share companies' associate interests in companies controlled by the A share company.

	Six months ended 30 June 2020 (Unaudited)				
	A share company RMB'000	Non-A share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	37,736,122	214,100	37,950,222	(45,028)	37,905,194
– At a point in time	34,845,572	31,922	34,877,494	(487)	34,877,007
– Over time	1,637,487	182,178	1,819,665	(27,831)	1,791,834
– Rental income	1,253,063	–	1,253,063	(16,710)	1,236,353
Segment profit before income tax expense	6,236,301	2,258,242	8,494,543	(2,632,987)*	5,861,556
Fair value gains on investment properties	593,457	–	593,457	(5,175)	588,282
Fair value losses on financial instruments at fair value through profit or loss	(48,600)	(10,397)	(58,997)	–	(58,997)
Finance income	249,084	233,897	482,981	(192,476)	290,505
Finance costs	(715,959)	(420,008)	(1,135,967)	192,476	(943,491)
Depreciation and amortisation	(364,119)	(131,373)	(495,492)	–	(495,492)
Share of results of associates	746,410	3,615	750,025	–	750,025
Share of results of joint ventures	468,931	(3,869)	465,062	–	465,062

* The elimination mainly represents the dividend of RMB2,576,860,000 declared by the A share company attributable to the Company.

A reconciliation to profit for the period is as follows:

	Six months ended 30 June 2020 RMB'000 (Unaudited)
Total segment profits before income tax expense after elimination	5,861,556
Income tax expense	<u>(2,370,012)</u>
Profit for the period	<u>3,491,544</u>

	As at 30 June 2020 (Unaudited)				
	A share company RMB'000	Non-A share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment assets	506,631,470	19,500,990	526,132,460	(13,760,852)	512,371,608
Segment assets include:					
Investments in associates	8,544,113	3,036,703	11,580,816	(2,502,639)*	9,078,177
Investments in joint ventures	13,021,884	152,203	13,174,087	–	13,174,087
Additions to non-current assets (other than financial instruments and deferred tax assets)	7,013,590	104,906	7,118,496	–	7,118,496
Segment liabilities	<u>444,092,836</u>	<u>16,131,307</u>	<u>460,224,143</u>	<u>(9,554,987)</u>	<u>450,669,156</u>

* The elimination mainly represents the Non-A share companies' associate interests in companies controlled by the A share company.

5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 RMB'000 (Unaudited)	As at 31 December 2020 RMB'000 (Audited)
Trade accounts receivables	577,486	594,190
Notes receivables	<u>42,968</u>	<u>33,292</u>
Total trade receivables	620,454	627,482
Less: Impairment losses	<u>(7,739)</u>	<u>(7,962)</u>
Trade receivables – net	<u>612,715</u>	<u>619,520</u>
Prepayments		
– Prepaid income tax and land appreciation tax	10,335,739	9,053,662
– Prepaid value-added tax and input VAT to be deducted	12,894,277	12,422,537
– Prepaid surcharges and other taxes	706,511	608,708
– Prepayments for construction costs	484,031	277,616
– Others	<u>480,179</u>	<u>485,157</u>
	<u>24,900,737</u>	<u>22,847,680</u>
Receivables from government related bodies		
– Earnest money for reconstructing villages	293,540	293,540
– Tender deposits	628,894	627,770
– Advanced proceeds received from customers deposited with government designated entities	2,591,318	2,240,835
– Government issued coupon for house buyers	63,015	104,276
– Deposits with public housing fund centres	1,048,445	614,085
– Deposits with property maintenance	–	337,393
– Others	<u>794,350</u>	<u>1,032,395</u>
	<u>5,419,562</u>	<u>5,250,294</u>
Less: Impairment losses	<u>(5,962)</u>	<u>(5,775)</u>
	<u>5,413,600</u>	<u>5,244,519</u>

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Due from related parties	18,756,081	14,379,146
Less: Impairment losses	<u>(533,124)</u>	<u>(347,408)</u>
	<u>18,222,957</u>	<u>14,031,738</u>
Receivables from joint venture partners	4,344,643	4,253,284
Receivables from non-controlling shareholders of subsidiaries	<u>25,481,484</u>	<u>20,395,020</u>
	29,826,127	24,648,304
Less: Impairment losses	<u>(399,670)</u>	<u>(330,287)</u>
	<u>29,426,457</u>	<u>24,318,017</u>
Receivables from others	6,297,394	3,557,377
Less: Impairment losses	<u>(89,302)</u>	<u>(52,787)</u>
	<u>6,208,092</u>	<u>3,504,590</u>
Total trade and other receivables and prepayments	85,820,355	71,310,283
Less: Total impairment losses	<u>(1,035,797)</u>	<u>(744,219)</u>
	<u>84,784,558</u>	<u>70,566,064</u>
Less: Non-current portion	<u>(163,502)</u>	<u>(257,218)</u>
Current portion	<u><u>84,621,056</u></u>	<u><u>70,308,846</u></u>

Trade receivables are mainly arisen from sales of properties, leases of investment properties and various services. Proceeds in respect of properties sold are normally received within three months after signing of related sales and purchase agreements, and rentals in respect of leased properties are generally received in advance. Customers receiving the Group's services are generally granted a credit term of 30 days to 90 days.

The aging of trade accounts receivables and notes receivables based on invoice date as at 30 June 2021 and 31 December 2020 are as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 1 year	572,677	568,872
Between 1 and 2 years	46,135	49,663
Between 2 and 3 years	1,642	8,947
	<u>620,454</u>	<u>627,482</u>

The maximum exposure to credit risk at 30 June 2021 and 31 December 2020 is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 30 June 2021 and 31 December 2020, the fair values of trade and other receivables are approximately as their carrying amounts.

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade and other receivables and prepayments are primarily denominated in RMB.

6 SHARE CAPITAL

(a) Authorised shares

	Number of authorised shares <i>HKD share</i>
As at 1 January 2020, 30 June 2020, 1 January 2021 and 30 June 2021 (par value of HKD0.001)	<u>10,000,000,000</u>

(b) Issued shares

	Number of issued shares <i>HKD0.001 each</i>	Ordinary shares <i>RMB'000</i>
Balance as at 1 January 2021	6,210,000,000	5,081
Issuance of shares (i)	26,000	22
Balance as at 30 June 2021	<u>6,210,026,000</u>	<u>5,103</u>

- (i) During the six months ended 30 June 2021, the Group issued a total of 26,000 ordinary shares to the Group's employees as the result of exercise of the share option granted in 2019 after vesting period with a total exercise price of HKD224,000 (equivalent to RMB188,000). Of which, RMB22,000 was recorded as "share capital" and RMB166,000 was recorded as "share premium".

7 BORROWINGS

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Non-current, secured:		
– Bank loans and non-bank financial institutions	45,755,124	37,669,694
– Trust financing arrangements	13,209,715	8,987,340
– Senior notes	7,387,237	7,466,640
– Financing under securitisation arrangements	6,639,000	6,426,162
	<u>72,991,076</u>	<u>60,549,836</u>
Non-current, unsecured:		
– Bank loans and non-bank financial institutions	7,613,506	5,736,764
– Middle term notes	5,566,000	5,456,000
– Private placement notes	300,000	1,930,000
– Corporate bonds	7,268,623	7,455,534
– Senior notes	14,426,645	15,858,814
	<u>35,174,774</u>	<u>36,437,112</u>
Less: Current portion of long-term borrowings	<u>(27,157,589)</u>	<u>(23,569,854)</u>
	<u><u>81,008,261</u></u>	<u><u>73,417,094</u></u>
Current, secured:		
– Bank loans and non-bank financial institutions	3,173,394	2,262,529
– Trust financing arrangements	1,199,800	449,700
– Financing under securitisation arrangements	–	1,513,000
	<u>4,373,194</u>	<u>4,225,229</u>
Current, unsecured:		
– Bank loans and non-bank financial institutions	1,249,618	1,018,907
– Corporate bonds	10,000	10,000
– Short-term commercial paper	–	1,750,000
– Senior notes	646,142	652,490
	<u>1,905,760</u>	<u>3,431,397</u>
Current portion of long-term borrowings	<u>27,157,589</u>	<u>23,569,854</u>
	<u><u>33,436,543</u></u>	<u><u>31,226,480</u></u>

8 TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Trade payables	68,287,041	53,677,122
Notes payable	9,086,156	6,785,407
Payables to related parties	27,918,278	29,165,794
Output VAT on contract liabilities to be transferred	17,159,622	17,530,771
Advances from non-controlling shareholders of subsidiaries	8,565,252	8,243,104
Amounts received for potential investments in property projects	7,422,157	2,445,171
Deposits for construction biddings and rental deposits	4,944,154	3,563,959
Dividend payables of the Company	2,554,522	—
Advance payment on resettlement housing	1,850,000	1,850,000
Dividend payables of the A share Company	1,525,959	—
Value-added tax and other taxes payable	1,242,740	2,207,633
Interest payable	1,222,779	1,155,594
Accrued payroll	416,655	1,924,699
Payables for acquisition of subsidiaries, joint ventures and associates	322,295	980,937
Others	5,949,112	4,618,118
	158,466,722	134,148,309
Less: Non-current portion	—	—
Current portion	158,466,722	134,148,309

The aging analysis of trade payables and notes payable based on the invoice date or demand note as at 30 June 2021 and 31 December 2020 are as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 1 year	74,631,695	57,958,807
Between 1 and 2 years	2,032,740	1,709,748
Between 2 and 3 years	353,679	339,674
Over 3 years	355,083	454,300
	77,373,197	60,462,529

As at 30 June 2021 and 31 December 2020, the fair values of trade and other payables are approximately as their carrying amounts.

As at 30 June 2021 and 31 December 2020, the carrying amounts of trade and other payables are primarily denominated in RMB.

9 REVENUE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Revenue from contract with customers recognised at a point in time		
A share company		
– Sales of properties	74,267,149	34,447,000
– Other services	220,710	398,572
Non-A share companies		
– Other services	573,519	31,435
	<u>75,061,378</u>	<u>34,877,007</u>
Revenue from contract with customers recognised over time		
A share company		
– Commercial property management services	1,513,869	891,810
– Other services	977,421	717,846
Non-A share companies		
– Other services	248,072	182,178
	<u>2,739,362</u>	<u>1,791,834</u>
Rental income		
A share company	2,001,087	1,236,353
Non-A share companies	400	–
	<u>2,001,487</u>	<u>1,236,353</u>
	<u><u>79,802,227</u></u>	<u><u>37,905,194</u></u>

10 EXPENSES BY NATURE

Expenses included in cost of sales and services, selling and marketing expenses and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Construction costs	33,406,038	13,763,003
Land use rights costs	22,135,307	8,688,230
Capitalised interest	6,509,216	3,961,986
Staff costs	2,321,742	1,966,401
Advertising and publicity costs and sales commission	1,644,109	901,779
Provision for impairment of properties held or under development for sale	999,460	698,955
Tax and surcharges	701,626	462,877
Depreciation of property, plant and equipment	332,919	286,918
Professional fees	325,147	296,224
Travelling expenses	115,016	60,467
Entertainment expenses	107,717	38,253
Bank charges	67,467	125,499
Amortisation of right-of-use assets and intangible assets	58,929	208,574
Rental expenses of low-value and short-term leases	5,335	969
Auditor's remuneration	1,200	1,200
Other expenses	2,376,088	1,842,637
	71,107,316	33,303,972

11 FINANCE COSTS – NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Finance costs		
– Interest on borrowings	(3,474,535)	(3,027,995)
– Interest on proceeds from pre-sale to customers	(3,248,204)	(7,178,526)
– Interest and finance charges paid/payable for lease liabilities	(29,852)	(25,364)
– Less: Interest capitalised	5,658,227	9,368,646
	(1,094,364)	(863,239)
– Net foreign exchange losses	(1,775)	(80,252)
Total finance costs	(1,096,139)	(943,491)
Finance income		
– Interest income on bank deposits	269,062	290,505
Net finance costs	(827,077)	(652,986)

12 INCOME TAX EXPENSE

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
– PRC land appreciation tax	2,027,873	1,198,669
– PRC corporate income tax	2,820,647	941,767
	4,848,520	2,140,436
Deferred income tax	(747,620)	229,576
Total income tax charged for the period	4,100,900	2,370,012

Cayman Island income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

British Virgin Islands income tax

British Virgin Islands (“BVI”) income tax under the current laws of BVI, our subsidiaries incorporated in BVI and all dividends, interest, rents, royalties, compensation and other amounts paid by such subsidiaries incorporated in the BVI to persons who are not resident in the BVI and any capital gains realised with respect to any shares, debt obligations, or other securities of such subsidiaries incorporated in the BVI by persons who are not resident in the BVI are exempt from all provisions of the Income Tax Ordinance in the BVI. In addition, upon payments of dividends by our BVI subsidiaries to us, no BVI withholding tax is imposed.

Hong Kong profits tax

Hong Kong profits tax has been provided at a tax rate of 16.5%, as the Group has recorded assessable profits in Hong Kong during the six months ended 30 June 2021 (for the six months ended 30 June 2020: 16.5%).

The mainland China corporate income tax

Under the Corporate Income Tax Law of the mainland China (“CIT Law”), the CIT rate applicable to the Group’s subsidiaries located in the mainland China is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by the mainland China resident enterprise to its immediate holding company outside the mainland China for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the mainland China and Hong Kong. For the six months ended 30 June 2021, the Group accrued for withholding tax based on the tax rate of 5% on a portion of the earnings generated by its mainland China entities. The Group controls the dividend policies of these subsidiaries and it has been determined that it is probable that a majority of these earnings will not be distributed in the foreseeable future.

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statement of profit or loss as income tax expense.

13 EARNINGS PER SHARE

Basic earnings per share for the six months ended 30 June 2021 and 2020 is calculated by dividing the profit of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Consolidated profit attributable to ordinary equity holders of the Company (RMB'000)	2,914,918	1,758,454
Weighted average number of ordinary shares in issue ('000)	6,184,091	6,175,824
Basic earnings per share (RMB)	0.47	0.28

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's share-based payment schemes are of dilutive potential.

	Six months ended 30 June	
	2021	2020
	(Unaudited)	(Unaudited)
Consolidated profit attributable to equity holders of the Company in calculating diluted earnings per share (RMB'000)	2,914,918	1,758,454
Weighted average number of ordinary shares in issue ('000)	6,184,091	6,175,824
Add: number of dilutive shares ('000)	540	–
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share ('000)	6,184,631	6,175,824
Diluted earnings per share (RMB)	0.47	0.28

14 DIVIDENDS

A final dividend in respect of 2020 of RMB0.41 (translated as HKD0.49436 at an exchange rate of HKD1.00 to RMB0.82936) per ordinary share, amounting to RMB2,546,111,000, was approved at the annual general meeting of the Company held on 26 May 2021. The dividend is reflected as an appropriation of share premium and retained earnings for the six months ended 30 June 2021. As of 30 June 2021, dividends mentioned above had not been paid yet.

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: Nil).

Management Discussion and Analysis

Review

In the first half of 2021, regulation policies for the real estate market keep upgrading across the country. The central government continued to adhere firmly to the position that “Homes are for living in, not for speculation” and the policy keynote of “stabilising land prices, house prices and expectations”, with policy regulation starting from major market players; from the “Three Red Lines” and the “Management of Concentration of Real Estate Loans” last year to the three major issues of “Centralised Land Supply Policy”, “Linkage of House Prices and Land Prices (房地價聯動)” as well as the joint efforts on the three main terminals of real estate enterprises, banks and lands in the first half of this year to make joint efforts for implementing multiple measures simultaneously for further implementing the “three stabilities” purpose. As a result, the regulation and control of the real estate market has been steadily tightened with continuous implementation of the long-term mechanism to promote the stable and healthy development of the real estate market. In the first half of 2021, the Group achieved contracted sales of approximately RMB117.664 billion, representing a year-on-year increase of 20.7%; contracted sales area was approximately 10.87 million sq. m., representing a year-on-year increase of 23.9%.

The Group have remained rational while actively expanding its land reserves and adhering to investment guidelines, focusing on regional penetration and optimising high-quality land plots with high flow and high yield. In the first half of 2021, the Group launched a total of 61 new projects and expanded its land reserves with a gross floor area of approximately 18.32 million sq.m. As of 30 June 2021, the Group had a total land reserve area of 150 million sq.m., which covered 135 prefecture-level cities in 30 provinces, providing sufficient saleable resources for stable growth in the future.

At a time when residential products are strictly regulated by policies, the Company’s stable development of commercial properties has highlighted the superiority of the “Residential + Commercial” two-wheel drive development strategy. The Group firmly implemented the business philosophy of “Happiness Commerce”, striving to build Wuyue Plazas into a Chinese experiential commercial leading brand that “creates better value for its commercial spaces.” In the first half of 2021, the Group recorded total rental and management fee income of approximately RMB3.685 billion, representing a year-on-year increase of 71.4%.

From the end of 2020 to the beginning of 2021, the Group successively received upgraded rating to “BB+” with a stable outlook by Standard & Poor’s, to “BB+” with a stable outlook by Fitch, and to “Ba1” with a stable outlook by Moody’s, reflecting the long-term confidence of international rating agencies in the Group’s sustained result growth and stable financial performance. In the first half of 2021, the Group continued to maintain a prudent and robust financial management and cash management strategy. As of 30 June 2021, the Group’s net debt-to-equity ratio was 65.2%, and the ratio of cash to short-term borrowings exceeded 1.7 times, with the Group’s debt structure and resilience against financial risks being constantly enhanced.

In 2021, the Group further integrates the concept of sustainable development into product design, project construction, supplier management, business operation and daily offices. As an important step in promoting green finance, the Group established the framework of green bonds in June 2021, with Sustainalytics, an independent third-party rating agency, providing green certification and issuing Second-party Opinion for the framework. In addition, the Group has also obtained the “Green Finance Pre-issuance Stage Certification” issued by the Hong Kong Quality Assurance Agency (HKQAA), thus achieving milestone progress of its sustainable development system.

Prospects

Looking ahead to the second half of the year, that “Homes are for living in, not for speculation” will still be the major theme while implementation of city-specific policies will become more refined. The state’s keynote of deleveraging the real estate industry and stabilising house prices will also continue in long term. The Group will further deepen the shift of scale orientation to quality orientation, pursue “recovering sales and profitable growth”, strive to enhance product and service capabilities, actively assume social responsibilities, focus on sustainable green development and promote the spirit of national brands, thus advancing towards the goal of becoming among the world’s top 500 with a long-lasting foundation.

Overall Overview

For the six months ended 30 June 2021, contracted sales of the Group were approximately RMB117,664 million. Revenue increased by 110.5% to approximately RMB79,802 million from the same period last year; gross profit increased by 60.3% to approximately RMB14,034 million from the same period last year; net profit was approximately RMB4,660 million, and net profit attributable to equity holders of the Company was approximately RMB2,915 million; core earnings were approximately RMB4,300 million, and core earnings attributable to equity holders of the Company were approximately RMB2,662 million.

Business Review

Property Development

For the six months ended 30 June 2021, the contracted sales of the Group amounted to approximately RMB117,664 million, and the total GFA sold was approximately 10.87 million sq.m. A total of 29 provinces and over 430 projects contributed to our sales revenue. The average contracted selling price (excluding parking spaces sales) amounted to RMB12,038 per sq.m.

Table 1: Details of the Group's contracted sales in the first half of 2021

The following table sets out the geographic breakdown of the Group's contracted sales in the first half of 2021:

Province/Region	Contracted GFA sold (sq.m.)	Contracted sales (RMBmillion)
Yangtze River Delta Area		
Jiangsu Province	3,610,787	42,493
Zhejiang Province	1,263,510	18,235
Anhui Province	727,014	6,427
Shanghai City	105,510	3,428
Central and Western China Area		
Chongqing City	457,431	4,446
Hubei Province	396,162	3,661
Hunan Province	374,105	2,633
Sichuan Province	333,842	2,356
Henan Province	284,487	2,237
Shaanxi Province	182,803	2,235
Yunnan Province	272,002	2,038
Guizhou Province	251,365	1,899
Jiangxi Province	208,799	1,661
Shanxi Province	137,920	1,098

Province/Region	Contracted GFA sold (sq.m.)	Contracted sales (RMBmillion)
Guangxi Zhuang Autonomous Region	132,218	774
Qinghai Province	48,647	663
Ningxia Hui Autonomous Region	86,065	614
Xinjiang Uygur Autonomous Region	47,242	551
Inner Mongolia Autonomous Region	76,339	517
Gansu province	36,211	515
Bohai Rim Area		
Shandong Province	861,802	6,902
Tianjin City	338,109	4,529
Beijing City	81,201	2,541
Hebei Province	213,968	2,067
Liaoning Province	52,615	449
Jilin Province	686	2
Greater Bay Area		
Guangdong Province	277,875	2,513
Fujian Province	9,206	175
Hainan Province	1,683	5
Total	<u>10,869,604</u>	<u>117,664</u>

As at 30 June 2021, the Group's pre-sold but not delivered properties amounted to approximately RMB343,872 million, with a total GFA of approximately 34,845,519 sq.m. (including joint ventures and associates), laying a solid foundation for the continuous and steady growth in the Group's future recognized revenue.

Land Bank

As at 30 June 2021, the total land bank of the Group was approximately 149,915,219 sq.m., covering a total of 135 cities. The average acquisition cost of our land bank was approximately RMB2,674 per sq.m. The geographic distribution of the land bank of the Group was as follows:

Table 2: Breakdown of land bank of the Group

City/Region	Total GFA (sq.m.)	Percentage of the Group's total GFA (%)	GFA attributable to the Group's interests (sq.m.)	Percentage of GFA attributable to the Group's interests (%)
Yangtze River Delta				
Suzhou	5,021,132	3.40%	2,313,472	2.96%
Xuzhou	4,510,869	3.05%	2,572,955	3.29%
Changzhou	4,135,485	2.80%	1,498,272	1.91%
Huai'an	3,499,660	2.37%	1,601,542	2.05%
Suqian	3,394,114	2.30%	1,964,564	2.51%
Yancheng	3,359,985	2.27%	2,014,566	2.57%
Wenzhou	2,585,661	1.75%	839,504	1.07%
Lianyungang	2,439,614	1.65%	733,201	0.94%
Nanjing	2,124,108	1.44%	878,252	1.12%
Fuyang	2,083,028	1.41%	1,233,044	1.58%
Nantong	2,052,053	1.39%	731,224	0.93%
Taizhou	1,939,177	1.31%	883,290	1.13%
Taizhou	1,685,610	1.14%	618,752	0.79%
Zhenjiang	1,480,644	1.00%	700,893	0.90%
Huzhou	1,418,359	0.96%	753,041	0.96%
Yangzhou	1,396,812	0.95%	888,615	1.14%
Chuzhou	1,158,522	0.78%	754,230	0.96%
Jiaxing	906,512	0.61%	329,204	0.42%
Hangzhou	849,604	0.58%	260,105	0.33%
Shanghai	657,380	0.44%	182,231	0.23%
Hefei	625,479	0.42%	311,297	0.40%
Ningbo	570,465	0.39%	202,138	0.26%
Tongling	549,344	0.37%	365,777	0.47%
Lu'an	517,045	0.35%	344,862	0.44%
Huaibei	455,666	0.31%	303,402	0.39%
Wuhu	322,766	0.22%	158,922	0.20%

City/Region	Total GFA (sq.m.)	Percentage of the Group's total GFA (%)	GFA attributable to the Group's interests (sq.m.)	Percentage of GFA attributable to the Group's interests (%)
Shaoxing	275,515	0.19%	79,850	0.10%
Jinhua	272,211	0.18%	98,273	0.13%
Wuxi	266,233	0.18%	89,265	0.11%
Bozhou	226,000	0.15%	73,089	0.09%
Suzhou	217,050	0.15%	144,521	0.18%
Bengbu	175,082	0.12%	70,995	0.09%
Zhoushan	55,109	0.04%	12,293	0.02%
Ma'anshan	35,108	0.02%	22,638	0.03%
Central and Western China				
Kunming	5,092,922	3.45%	2,940,308	3.76%
Chongqing	4,443,634	3.01%	2,437,928	3.11%
Changsha	3,395,803	2.30%	1,424,654	1.82%
Guiyang	2,836,022	1.92%	1,640,517	2.10%
Wuhan	2,436,758	1.65%	1,243,934	1.59%
Zhengzhou	2,394,774	1.62%	1,118,168	1.43%
Urumqi	1,714,196	1.16%	861,428	1.10%
Nanchang	1,535,444	1.04%	595,518	0.76%
Ezhou	1,288,709	0.87%	858,077	1.10%
Baoshan	1,271,048	0.86%	846,318	1.08%
Huangshi	1,242,453	0.84%	784,773	1.00%
Changde	1,186,845	0.80%	790,251	1.01%
Qiannan Buyei and Miao Autonomous Prefecture	1,185,148	0.80%	406,476	0.52%
Chengdu	1,176,517	0.80%	530,307	0.68%
Baotou	1,056,282	0.71%	705,661	0.90%
Shangrao	1,038,413	0.70%	209,969	0.27%
Xiantao	932,561	0.63%	620,938	0.79%
Xining	913,791	0.62%	608,441	0.78%
Zunyi	904,449	0.61%	604,284	0.77%
Datong	849,875	0.58%	571,541	0.73%
Shangqiu	847,652	0.57%	564,403	0.72%
Yuncheng	795,532	0.54%	530,608	0.68%
Zhaotong	788,463	0.53%	575,061	0.73%
Anyang	775,173	0.52%	516,143	0.66%
Taiyuan	769,814	0.52%	512,575	0.65%

City/Region	Total GFA (sq.m.)	Percentage of the Group's total GFA (%)	GFA attributable to the Group's interests (sq.m.)	Percentage of GFA attributable to the Group's interests (%)
Liupanshui	768,541	0.52%	513,433	0.66%
Loudi	750,812	0.51%	499,922	0.64%
Ankang	675,623	0.46%	451,358	0.58%
Guang'an	664,267	0.45%	442,297	0.57%
Xi'an	647,774	0.44%	432,743	0.55%
Guilin	637,194	0.43%	368,447	0.47%
Xuchang	624,414	0.42%	207,635	0.27%
Yinchuan	609,470	0.41%	409,868	0.52%
Xiaogan	602,022	0.41%	239,835	0.31%
Xiangyang	594,872	0.40%	433,728	0.55%
Xianyang	571,345	0.39%	263,838	0.34%
Nanning	562,618	0.38%	341,387	0.44%
Suizhou	557,159	0.38%	406,361	0.52%
Neijiang	551,313	0.37%	369,015	0.47%
Xiangtan	550,840	0.37%	366,328	0.47%
Yongzhou	544,346	0.37%	362,448	0.46%
Deyang	506,585	0.34%	337,306	0.43%
Guigang	490,811	0.33%	326,803	0.42%
Yibin	482,239	0.33%	321,095	0.41%
Baoji	453,356	0.31%	301,863	0.39%
Jingzhou	440,977	0.30%	275,181	0.35%
Beihai	432,512	0.29%	287,985	0.37%
Lanzhou	418,838	0.28%	279,359	0.36%
Yichang	388,843	0.26%	258,908	0.33%
Yan'an	370,132	0.25%	246,449	0.31%
Jiujiang	253,214	0.17%	101,167	0.13%
Luohe	243,855	0.17%	39,047	0.05%
Ya'an	213,895	0.14%	89,054	0.11%
Zhuzhou	210,595	0.14%	70,034	0.09%
Qinzhou	208,559	0.14%	138,867	0.18%
Meishan	125,606	0.09%	56,550	0.07%
Huanggang	125,004	0.08%	26,422	0.03%
Leshan	109,595	0.07%	70,195	0.09%

City/Region	Total GFA (sq.m.)	Percentage of the Group's total GFA (%)	GFA attributable to the Group's interests (sq.m.)	Percentage of GFA attributable to the Group's interests (%)
Bohai Rim				
Tianjin	5,681,194	3.85%	2,921,736	3.73%
Qingdao	3,511,996	2.38%	1,289,132	1.65%
Tai'an	2,579,130	1.75%	1,459,655	1.86%
Tangshan	1,384,677	0.94%	679,575	0.87%
Yantai	1,276,926	0.86%	818,300	1.05%
Zibo	1,217,348	0.82%	747,037	0.95%
Cangzhou	1,127,579	0.76%	759,983	0.97%
Beijing	1,088,088	0.74%	299,495	0.38%
Weifang	1,008,049	0.68%	661,180	0.84%
Shenyang	995,669	0.67%	662,958	0.85%
Rizhao	917,291	0.62%	535,299	0.68%
Dezhou	828,105	0.56%	551,387	0.70%
Dongying	788,157	0.53%	502,577	0.64%
Binzhou	767,763	0.52%	512,190	0.65%
Jinan	706,150	0.48%	355,959	0.45%
Jining	598,519	0.41%	400,612	0.51%
Baoding	498,086	0.34%	164,132	0.21%
Liaocheng	395,584	0.27%	142,611	0.18%
Weihai	198,768	0.13%	93,490	0.12%
Shijiazhuang	191,375	0.13%	85,199	0.11%
Handan	186,165	0.13%	125,196	0.16%
Langfang	93,760	0.06%	63,054	0.08%
Linyi	89,359	0.06%	60,046	0.08%

City/Region	Total GFA (sq.m.)	Percentage of the Group's total GFA (%)	GFA attributable to the Group's interests (sq.m.)	Percentage of GFA attributable to the Group's interests (%)
Greater Bay Area				
Huizhou	2,066,478	1.40%	966,734	1.24%
Shanwei	957,667	0.65%	644,031	0.82%
Foshan	760,415	0.51%	361,657	0.46%
Zhaoqing	675,096	0.46%	484,236	0.62%
Yunfu	663,848	0.45%	442,018	0.56%
Fuzhou	646,992	0.44%	302,305	0.39%
Zhangzhou	512,494	0.35%	341,240	0.44%
Shenzhen	234,280	0.16%	77,201	0.10%
Zhongshan	223,234	0.15%	65,634	0.08%
Jiangmen	200,717	0.14%	108,125	0.14%
Dongguan	194,197	0.13%	114,260	0.15%
Guangzhou	186,732	0.13%	58,607	0.07%
Other completed projects	8,942,424	5.96%	6,013,780	7.54%
Total	149,915,219	100.00%	79,732,120	100.00%

In the first half of 2021, the Group acquired a total of 61 new projects to replenish its land bank, all of which were acquired through government public tender, auction, listing-for-sale acquisition or equity acquisition. These new acquisitions of land have a total GFA of approximately 18,316,066 sq.m., with an average cost of newly acquired land of RMB3,420 per sq.m.

Table 3: Land acquisitions in the first half of 2021

Location	Name of Land Parcel	Land use	Proportion of interest	Site area (sq.m.)	Total GFA (sq.m.)	Total land premium (RMB million)
Changzhou	Project in the east of Renmin Road and north of Jiacheng Road, Jiaze Town	Residential	19.70%	42,605	87,859	482.00
Ezhou	Ezhou Echeng Project	Commercial	66.58%	89,315	306,101	812.08
Fuzhou	Land parcel on Banzhong Road, Jin'an District, Fuzhou Project	Residential	64.68%	32,669	104,086	814.00
Fuyang	Fuyang Yingshang Project	Commercial	66.58%	337,748	962,728	753.35
Guangzhou	Land parcel on the east of Fulong Road, Zhongluotan Town Project	Residential	31.39%	42,632	186,732	2,090.88
Hangzhou	Yanzhou Yunjingfu in Jiande City, Jinhua	Residential	40.35%	66,434	179,957	1,123.60
Huai'an	Seazen Heyuefu in Lianshui County, Huai'an	Residential	36.15%	66,851	154,510	300.40
	Huai'an Qinzhen Road Project	Residential	19.03%	99,459	347,632	1,063.00
	Haishang Fenghua in Qingjiangpu District, Huai'an	Residential	20.93%	207,679	703,940	2,015.00
	Seazen Tianruifu in Huaiyin District, Huai'an	Residential	21.28%	57,269	223,383	236.82
	Huai'an Xuyi Project	Commercial	66.58%	21,674	47,763	32.75
Huangshi	Huangshi Daye Project	Commercial	66.58%	264,446	918,154	1,040.40
Jiaxing	Seazen Yuechenli in Pinghu City, Jiaxing	Residential	11.13%	66,703	201,423	955.51
	Land Parcel No. 2020 Ping 75 in Pinghu City, Jiaxin Project	Residential	16.37%	18,000	56,571	249.48
Lianyungang	Seazen Minyue Tianjiao in High-tech Zone, Lianyungang	Residential	25.37%	40,942	145,430	676.20
	Lianyungang Mount Huaguo Project	Residential	25.37%	429,086	1,639,652	1,456.84
Loudi	Loudi Louxing Project	Commercial	66.58%	181,560	750,812	953.28
Nanchang	Seazen Tianyucheng in Nanchang County, Nanchang	Residential	19.97%	145,610	330,840	660.20
Nanjing	Seazen G43 Xianlinhu Project in Qixia District, Nanjing	Residential	32.89%	67,469	201,996	3,810.00
	Seazen G03 Project in Jiangning District, Nanjing	Residential	12.64%	46,365	157,669	1,530.00
	Seazen Mingzhu Fenghua Project in Jiangning District, Nanjing	Residential	32.89%	44,036	124,430	1,990.00
	Seazen G27 South Seazen Project in Qinhuai District, Nanjing	Residential	31.59%	27,022	93,390	2,490.00
Nantong	G11 Chengnanhe Road Project in Jiangbei New District, Nanjing	Residential	32.88%	66,057	221,877	3,600.00
	Chenxing Yayuan in Rugao City, Nantong	Residential	66.81%	31,017	95,438	532.72
	Land Parcel on the east of Zilang Road, Rudong	Residential	66.81%	56,925	159,649	660.33
Shangqiu	Shangqiu Suiyang Project	Commercial	66.58%	263,268	847,652	1,105.71

Location	Name of Land Parcel	Land use	Proportion of interest	Site area (sq.m.)	Total GFA (sq.m.)	Total land premium (RMB million)
Suzhou	Seazen Yunyue Shiguang Garden in Zhangjiagang City, Suzhou	Residential	40.22%	20,785	62,714	178.72
	Seazen Jiangyue Fenghua Garden in Zhangjiagang City, Suzhou	Residential	26.34%	29,607	80,352	229.39
Taizhou	Land Parcel on the west of Wangjing Road Project	Residential	32.73%	49,913	129,393	1,231.04
	Jinlinfu in Yuhuan City, Taizhou	Residential	26.24%	75,476	215,432	1,420.00
	Taizhou Wenling Yunyue Longwanyuan	Residential	32.80%	18,208	40,721	480.00
	Taizhou Wenling Yunyuetianjing	Residential	67.16%	39,525	187,971	699.00
Tai'an	Seazen Wuyuxihu in Daiyue District, Tai'an	Residential	33.29%	62,662	98,493	375.97
Tangshan	Xiezhuang Project in Lunan District, Tangshan	Residential	33.96%	73,997	201,175	943.87
	Tangshan Aiminli Project Phase II	Residential	33.96%	38,388	140,288	403.07
Tianjin	Seazen Xiyuechunqiu in Wuqing District, Tianjin	Residential	66.58%	126,177	298,111	2,620.00
	Seazen Yuejun Xuefu in Wuqing District, Tianjin	Residential	39.95%	19,485	41,728	160.00
	Seazen • Boyue in Baodi District, Tianjin	Residential	36.62%	42,417	104,830	416.00
	Land Parcel in Jingwu Town, Xiqing District, Tianjin	Residential	33.30%	67,941	131,373	925.00
	Seazen Yunyue Jiuzhang in Beichen District, Tianjin	Residential	39.95%	36,971	87,293	622.00
	Seazen Xiyue Chaoming in Baodi District, Tianjin	Residential	37.96%	114,825	291,186	1,235.00
	Tianjin Baodi Project	Commercial	66.58%	104,386	306,814	675.00
Wenzhou	Kaidi • Seazen Boke Park, Longwan District, Wenzhou City	Residential	28.61%	66,134	272,821	1,932.00
	Future Coast in Jinhai Lake District, Wenzhou	Residential	32.80%	117,959	457,507	2,225.50
Wuhu	Wuhu Zhongfang Seazen Tangyuewan	Residential	32.94%	55,392	155,548	325.00
Wuhan	Wuhan Caidian Project	Commercial	66.58%	108,936	351,028	714.00
Xianyang	Xianyang Seazen Yunjing	Residential	34.22%	99,935	360,199	822.65
Suqian	Suqian Siyang Project	Commercial	66.58%	107,912	195,103	745.15
Xiantao	Xiantao Nancheng Project	Commercial	66.58%	279,284	932,561	1,788.76
Yantai	Yantai Zhifu Project	Commercial	66.58%	132,507	531,500	1,795.00
	Yantai Hi-Tech Project	Commercial	66.58%	158,135	508,288	959.00
Yancheng	Seazen Langyuefu in Tinghu District, Yancheng	Residential	63.42%	43,135	125,948	1,210.50
	Seazen Yuntu Shiguang in Economic Development Zone, Yancheng	Residential	51.52%	68,215	223,712	1,000.30
Yibin	Yibin Cuiping Project	Commercial	66.58%	106,871	482,239	738.47
Yongzhou	Yongzhou Lingling Project	Commercial	66.58%	145,583	544,346	408.80
Zhangzhou	Zhangzhou Longwen Project	Commercial	66.58%	125,721	512,494	1,930.00
Zhenjiang	Seazen Junhe Yayuan in Dingmao New District, Zhenjiang	Residential	25.27%	31,372	99,677	291.76
Zhengzhou	Land Parcel No. 4 in Jindai, Guancheng District, Zhengzhou Project	Residential	57.65%	39,768	81,921	715.85
	Zhengzhou Gongyi Zhengtong Road Project	Residential	32.66%	24,361	64,615	117.95
Chongqing	84 Mu Land Parcel in Jiangnan New District, Wanzhou District Project	Residential	57.65%	56,018	117,021	192.34
Zibo	Zibo Zhoucun Project	Commercial	66.70%	198,480	631,991	674.79

Property Investment

The Group recorded rental and management fee income from investment properties of approximately RMB3,684.94 million for the six months ended 30 June 2021, representing a period-on-period increase of 71.4%.

Table 4: Breakdown of rental and management fee income from investment properties of the Group in the first half of 2021

	Occupancy rate	First half of 2021 RMB'000	First half of 2020 RMB'000	Opening date
Rental and management fee income				
Wujin Wuyue Plaza	99.91%	109,759	87,791	April 2012
Wuyue International Plaza	98.28%	72,138	60,300	December 2012
Qingpu Wuyue Plaza	98.62%	50,867	42,140	December 2014
Wujiang Wuyue Plaza	99.29%	38,634	29,812	June 2015
Zhangjiagang Wuyue Plaza	98.62%	39,254	30,113	September 2015
Danyang Wuyue Plaza	99.96%	53,470	43,424	December 2015
Haikou Wuyue Plaza	100.00%	68,252	47,497	October 2016
Nanchang Wuyue Plaza	100.00%	40,559	26,032	November 2016
Jintan Wuyue Plaza	98.95%	51,143	39,503	December 2016
Anqing Wuyue Plaza	100.00%	49,925	37,795	December 2016
Chengdu Wuyue Plaza	99.60%	51,400	38,421	December 2016
Tongxiang Wuyue Plaza	100.00%	58,131	47,513	May 2017
Quzhou Wuyue Plaza	99.70%	40,826	32,238	June 2017
Changchun Wuyue Plaza	98.96%	45,799	38,942	July 2017
Zhenjiang Wuyue Plaza	97.46%	46,584	36,382	August 2017
Qingdao Wuyue Plaza	97.88%	48,307	42,296	September 2017
Shengzhou Wuyue Plaza	100.00%	47,908	38,053	October 2017
Rugao Wuyue Plaza	100.00%	47,914	37,793	November 2017
Ningbo Wuyue Plaza	94.56%	33,088	27,902	November 2017
Nanjing Wuyue Plaza	100.00%	31,334	24,732	December 2017
Chengdu Wuhou Wuyue Plaza	86.35%	23,382	19,717	December 2017
Jinjiang Wuyue Plaza	90.44%	28,670	24,941	December 2017
Weinan Wuyue Plaza	99.13%	32,358	19,557	May 2018
Rui'an Wuyue Plaza	100.00%	65,140	52,499	July 2018
Yiwu Wuyue Plaza	99.57%	52,532	42,913	July 2018
Huainan Wuyue Plaza	99.43%	39,939	31,247	August 2018
Taizhou Huangyan Wuyue Plaza	97.22%	45,327	36,018	September 2018
Pinghu Wuyue Plaza	100.00%	45,767	35,078	September 2018
Kunshan Wuyue Plaza	96.96%	34,728	28,268	September 2018

	Occupancy rate	First half of 2021 RMB'000	First half of 2020 RMB'000	Opening date
Yangzhou Wuyue Plaza	99.60%	39,952	30,607	September 2018
Xinjian Wuyue Plaza	95.87%	24,369	18,394	November 2018
Kunming Wuyue Plaza	91.16%	32,796	27,799	November 2018
Taixing Wuyue Plaza	100.00%	43,274	34,564	November 2018
Changsha Wuyue Plaza	100.00%	62,675	44,229	November 2018
Nanning Wuyue Plaza	98.83%	33,597	24,649	December 2018
Jurong Wuyue Plaza	91.25%	29,215	21,367	December 2018
Linyi Wuyue Plaza	97.94%	39,791	30,687	December 2018
Yuhuan Wuyue Plaza	96.02%	39,417	34,445	December 2018
Qidong Wuyue Plaza	100.00%	41,470	28,541	December 2018
Taizhou Xianju Plaza	98.48%	25,551	23,619	December 2018
Cixi Wuyue Plaza	99.51%	38,919	31,622	December 2018
Shangrao Wuyue Plaza	95.84%	38,396	28,670	June 2019
Hefei Wuyue Plaza	99.91%	50,283	38,060	June 2019
Huai'an Wuyue Plaza	100.00%	40,354	33,831	July 2019
Qinzhou Wuyue Plaza	97.70%	34,043	25,945	July 2019
Xi'an Xixian Wuyue Plaza	98.83%	56,295	50,897	September 2019
Yan'an Wuyue Plaza	99.55%	32,457	19,966	September 2019
Lianyungang Ganyu Wuyue Plaza	97.95%	38,094	31,307	September 2019
Changzhou Tianning Wuyue Plaza	98.32%	62,031	55,755	October 2019
Baoji Wuyue Plaza	91.09%	25,587	32,565	October 2019
Yangzhou Baoying Wuyue Plaza	97.63%	35,762	27,249	October 2019
Tianjin Jinnan Wuyue Plaza	100.00%	48,730	40,350	November 2019
Huaibei Wuyue Plaza	87.61%	19,297	17,147	November 2019
Hanzhong Wuyue Plaza	100.00%	48,632	34,888	November 2019
Guilin Wuyue Plaza	89.51%	24,489	18,655	November 2019
Lianyungang Haizhou Wuyue Plaza	98.26%	39,809	32,715	December 2019
Liyang Wuyue Plaza	91.78%	27,627	26,743	December 2019
Yancheng Wuyue Plaza	90.35%	18,962	23,825	December 2019
Gaoyou Wuyue Plaza	90.51%	25,564	31,676	December 2019
Bengbu Wuyue Plaza	86.89%	27,617	31,547	December 2019
Suzhou Wuyue Plaza	91.85%	30,551	32,810	December 2019
Changsha High-speed Rail Wuyue Plaza	91.52%	36,024	30,892	December 2019
Harbin Wuyue Plaza	—	—	16,858	January 2020
Xi'an Fengxi Wuyue Plaza	100.00%	33,516	—	September 2020
Changchun Beihu Wuyue Plaza	96.51%	23,022	—	September 2020
Fuyang Yingzhou Wuyue Plaza	99.47%	37,929	—	September 2020

	Occupancy rate	First half of 2021 RMB'000	First half of 2020 RMB'000	Opening date
Jiaxing Haiyan Wuyue Plaza	100.00%	33,951	—	September 2020
Kunming Chenggong Wuyue Plaza	92.09%	26,901	—	September 2020
Xinghua Wuyue Plaza	99.57%	35,156	—	September 2020
Zhaotong Wuyue Plaza	93.57%	27,799	—	September 2020
Baotou Kunqu Wuyue Plaza	100.00%	31,531	—	September 2020
Guigang Wuyue Plaza	85.26%	20,418	—	October 2020
Lu'an Wuyue Plaza	90.82%	24,489	—	October 2020
Xuzhou Jiawang Wuyue Plaza	97.78%	23,517	—	October 2020
Huzhou Wuyue Plaza	97.47%	29,256	—	October 2020
Tangshan Wuyue Plaza	100.00%	44,034	—	October 2020
Yancheng Sheyang Wuyue Plaza	100.00%	25,698	—	October 2020
Suzhou High-speed Rail Wuyue Plaza	100.00%	46,909	—	November 2020
Yancheng Dafeng Wuyue Plaza	100.00%	33,168	—	November 2020
Jingzhou Wuyue Plaza	100.00%	32,520	—	November 2020
Chuzhou Wuyue Plaza	92.65%	19,786	—	November 2020
Xining Chengdong Wuyue Plaza	100.00%	41,418	—	November 2020
Xiangyang Wuyue Plaza	100.00%	30,996	—	November 2020
Nanjing Yuhua Wuyue Plaza	99.93%	48,452	—	November 2020
Guiyang Qingzhen Wuyue Plaza	94.87%	19,397	—	November 2020
Zunyi Wuyue Plaza	95.36%	21,325	—	December 2020
Suizhou Wuyue Plaza	100.00%	27,413	—	December 2020
Yancheng Dongtai Wuyue Plaza	100.00%	33,514	—	December 2020
Huai'an Lianshui Wuyue Plaza	97.65%	27,349	—	December 2020
Beihai Wuyue Plaza	91.72%	17,094	—	December 2020
Anning Wuyue Plaza	93.06%	21,916	—	December 2020
Wenzhou Wuyue Plaza	99.64%	77,166	—	December 2020
Deyang Wuyue Plaza	85.67%	13,739	—	December 2020
Tianchang Wuyue Plaza	99.35%	28,315	—	December 2020
Tongling Wuyue Plaza	93.76%	17,931	—	December 2020
Changsha Wangcheng Wuyue Lifestyle Plaza	100.00%	11,668	—	December 2020
Jingjiang Taihe Wuyue Plaza	92.28%	29,632	—	December 2014
Tai'an Taishan Wuyue Plaza	100.00%	13,939	—	May 2021
Xiaogan Wuyue Plaza	100.00%	9,673	—	May 2021
Changsha Ningxiang Wuyue Plaza	100.00%	10,041	—	June 2021
Huzhou Nanxun Wuyue Plaza	100.00%	9,564	—	June 2021
Yangzhong Wuyue Plaza	100.00%	2,256	—	June 2021
Seazen Holdings Tower B	96.86%	17,772	17,877	January 2016

Notes:

1. As at 30 June 2021, the Company owned 97 Wuyue Plazas in operation and 4 Wuyue Plazas in operation providing entrusted management services. In addition, 4 contracted Wuyue Plazas were in the process of transfer and transition, and thus their income was not included in the scope of the Company's statistics.
2. Rental income includes rentals, management fee, carpark, various operation and other sporadic management income.
3. The Company's total commercial operating income for the first half of 2021 was RMB3.938 billion (i.e. tax-included rental income), including: rentals, management fee, carpark, various operation and other sporadic management income from shops and shopping centres; the total commercial operating income for the first half of 2020 was RMB2.278 billion (i.e. tax-included rental income).
4. The occupancy rate represents the occupancy of the commercial property on 30 June 2021.
5. We have exited the investment in Harbin Wuyue Plaza.

Property Delivery and Revenue from Sale of Properties

In the first half of 2021, the revenue of the Group's property development business was approximately RMB74,267 million. Properties with a total GFA of 8,074,607 sq.m. were delivered. The average selling price of properties delivered and recognized as sales was RMB9,198 per sq.m.

Table 5: Breakdown of property development revenue by projects in the first half of 2021

The following table sets forth the revenue information relating to the properties the Group delivered for sale during the first half of 2021:

Project	City	Revenue (RMB million)	GFA (sq.m.)	Average selling price (RMB/ sq.m.)
Kunming Chenggong Project	Kunming	3,273	350,883	9,328
Suzhou MOC Xinchenghui Project	Suzhou	3,035	136,860	22,175
Changzhou Jintan Seazen Golden County Garden	Changzhou	2,792	268,060	10,417
Changzhou Xinbei Seazen Yuejun Garden	Changzhou	2,641	131,254	20,122
Hefei Binhu Seazen Yunjing	Hefei	2,048	106,300	19,267
Nantong Qidong Seazen Diehu Shijiewan	Nantong	1,729	127,408	13,571
Huzhou Deqing Seazen Duhui Mingdi	Huzhou	1,634	126,152	12,955
Huzhou Wuxing Seazen Central Park	Huzhou	1,533	129,025	11,883
Taizhou Xinghua Project	Taizhou	1,424	184,867	7,703
Baotou Kunqu Project	Baotou	1,407	195,005	7,215
Langfang Guangyang Hyatt Garden	Langfang	1,319	126,863	10,395
Suzhou Changshu Seazen Yuejun Huating	Suzhou	1,398	121,426	11,515
Nanjing Jianye Project	Nanjing	1,406	30,590	45,959
Lianyungang Haizhou Project	Lianyungang	1,287	137,225	9,381
Ma'anshan Yushan Seazen Jingyue	Ma'anshan	1,349	171,803	7,850
Wenzhou Pingyang Seazen Yuefu	Wenzhou	1,272	103,735	12,267
Chengdu Qionglai Seazen Jinyue Huafu	Chengdu	1,254	166,668	7,523
Guiyang Yunyan Seazen Xiyuetai	Guiyang	1,258	115,803	10,867
Jingzhou Shashi Project	Jingzhou	1,173	148,879	7,882

Project	City	Revenue (RMB million)	GFA (sq.m.)	Average selling price (RMB/ sq.m.)
Changsha Yuhua Project	Changsha	1,183	118,696	9,968
Hefei Feidong Seazen Yunyue Guantang	Hefei	1,150	109,739	10,481
Huai'an Lianshui Project	Huai'an	1,091	183,483	5,946
Tianjin Binhai New Area Metro Yue Palace	Tianjin	1,086	59,855	18,150
Chongqing Yubei Seazen Langjun Daduhui	Chongqing	1,043	74,548	13,996
Foshan Sanshui Jinghui Haoyuan	Foshan	1,033	100,401	10,289
Xiangyang Hi-Tech Project	Xiangyang	1,018	96,911	10,506
Wuhan Hongshan Wuhan Seazen Yuejingtai	Wuhan	1,045	81,001	12,900
Guiyang Qingzhen Project	Guiyang	948	141,598	6,692
Yan'an Baota Project	Yan'an	994	119,740	8,298
Beihai Yinhai Project	Beihai	940	92,726	10,133
Nanjing Yuhua Project	Nanjing	917	56,212	16,319
Guilin Lingui Project	Guilin	863	168,661	5,115
Suizhou Zengdu Project	Suizhou	886	127,440	6,950
Yancheng Dafeng Project	Yancheng	854	84,197	10,140
Fuyang Yingzhou Project	Fuyang	841	97,475	8,632
Guigang Gangbei Project	Guigang	877	127,740	6,868
Zhaoqing Seazen Heyu Construction Project	Zhaoqing	853	132,501	6,441
Nanchang Donghu Seazen Legend Mansion	Nanchang	881	51,433	17,134
Huai'an Lianshui Seazen Yuejun Xuefu	Huai'an	857	148,981	5,750
Huangshi Yuejun Metropolis	Huangshi	849	117,989	7,194
Zhaoqing Sihui Project	Zhaoqing	805	108,675	7,410
Wuhan Hannan Seazen Tingrui Junyue Guanlan Project	Wuhan	756	105,310	7,178
Suqian Economic Development Zone Seazen Yuejun	Suqian	732	112,556	6,506
Bengbu Huaishang Seazen Yuejun Tianzhu	Bengbu	705	115,669	6,096
Yangzhou Baoying Project	Yangzhou	622	83,199	7,478
Jiangmen Enping Future Legend Mansion	Jiangmen	632	104,850	6,027
Huizhou Boluo Seazen Yuejun	Huizhou	632	85,397	7,405
Liaocheng Yanggu Seazen Jinyuefu	Liaocheng	611	100,990	6,053
Zhengzhou Xingyang Seazen Shangjun	Zhengzhou	569	87,660	6,491
Baotou Donghe Project	Baotou	570	91,909	6,198
Xi'an Fengxi Project	Xi'an	566	77,705	7,286
Yangzhou Gaoyou Project	Yangzhou	512	75,746	6,760
Shanwei Haifeng Seazen Heyue	Shanwei	519	88,203	5,884
Xi'an Lintong Seazen Xiyuelifu	Xi'an	487	46,656	10,438
Foshan Nanhai Yiming Garden	Foshan	505	35,353	14,275
Qinzhou Qinnan Project	Qinzhou	442	91,498	4,829

Project	City	Revenue (RMB million)	GFA (sq.m.)	Average selling price (RMB/ sq.m.)
Yancheng Sheyang Project	Yancheng	434	72,720	5,974
Zunyi Honghuagang Seazen Yuejun Fenghua	Zunyi	454	80,960	5,614
Zunyi Honghuagang Seazen Jinyue Heshan	Zunyi	428	71,028	6,025
Jiaxing Haiyan Project	Jiaxing	371	24,285	15,264
Nanning Qingxiu Seazen Yuejun Jiangshan	Nanning	405	33,314	12,154
Qingdao High-tech Zone Seazen Yunyue Xiaoyuan	Qingdao	359	29,628	12,112
Huaibei Duji Project	Huaibei	338	63,466	5,318
Suqian Shuyang Country Garden Seazen	Suqian	329	36,186	9,091
Dezhou Qihe Seazen Yuejun	Dezhou	308	63,989	4,806
Weihai Rongcheng Seazen Yuejun Mansion	Weihai	289	37,448	7,710
Chengdu Jianyang Seazen Yuejun Jincheng	Chengdu	288	36,751	7,844
Suqian Siyang Seazen Shiguang Yinxiang	Suqian	273	43,967	6,214
Deyang Jingyang Project	Deyang	254	18,768	13,545
Xining Chengdong Project	Xining	262	11,968	21,853
Chuzhou Nanqiao Project	Chuzhou	248	15,474	16,052
Hangzhou Xiaoshan Seazen Jingjun Mingdi	Hangzhou	247	16,129	15,335
Zunyi Honghuagang Project	Zunyi	253	15,679	16,153
Suzhou Yong Qiao Project	Suzhou	243	32,905	7,384
Lu'an Yu'an Project	Lu'an	222	20,272	10,968
Tangshan Lubei Project	Tangshan	232	14,225	16,343
Xiangtan Jiuhua Seazen Jingjun	Xiangtan	192	49,585	3,878
Zhenjiang Yangzhong Seazen Jiuli Xiangpan	Zhenjiang	202	17,406	11,580
Taizhou Huangyan Project	Taizhou	221	10,263	21,559
Kunming Anning Project	Kunming	176	12,442	14,163
Baoji Hi-Tech Project	Baoji	181	24,838	7,294
Taizhou Hailing Seazen Royal Garden	Taizhou	150	11,125	13,506
Suzhou Wujiang Seazen Linshuiwan Jingyuan	Suzhou	151	19,417	7,759
Yancheng Dafeng Seazen Yuejun Mingdi	Yancheng	140	25,057	5,577
Huai'an Huaiyin Seazen Yuejun	Huai'an	139	23,483	5,925

Project	City	Revenue (RMB million)	GFA (sq.m.)	Average selling price (RMB/ sq.m.)
Chengdu Chongzhou Seazen Ruisheng Yuejun Xijiang	Chengdu	135	19,179	7,055
Suqian Sucheng Seazen Shuimuqinghua	Suqian	133	59,512	2,229
Suzhou Zhangjiagang Seazen Mansion 1790	Suzhou	131	11,247	11,657
Xiangyang Nanzhang Nanzhang Seazen Yuejun	Xiangyang	127	31,937	3,977
Hefei Feidong Project	Hefei	120	14,723	8,160
Suzhou Wujiang Seazen Zhenze Pinglanfu	Suzhou	113	14,543	7,803
Others		2,613	409,179	6,373
Total		74,267	8,074,607	9,198

Financial Review

Revenue

For the first half of 2021, the Group's revenue amounted to approximately RMB79,802.2 million, representing a period-on-period increase of 110.5%. The amount of revenue of each significant category is as follows:

	Six months ended 30 June	
	2021	2020
	RMB million	RMB million
Revenue from sale of properties	74,267.1	34,447.0
Revenue from commercial property management services	1,513.9	891.8
Rental income	2,001.5	1,236.4
Other income	2,019.7	1,330.0
	79,802.2	37,905.2

Fair Value Gains on Investment Properties

The Group develops and holds several commercial properties such as retail shops, shopping malls and car parks for rental income or capital appreciation. The Group's investment properties are appraised semi-annually by an independent property valuer. Any appreciation or depreciation in the Group's investment property value is recognized as fair value gains or losses in the Group's consolidated statements of income. Due to the increase in overall capital value, valuation gains on investment properties for the first half of 2021 were approximately RMB551.7 million.

Gross Profit

For the six months ended 30 June 2021, the gross profit of the Group was approximately RMB14,034.3 million, representing a period-on-period increase of 60.3%. The increase in gross profit was mainly due to the increase in revenue from sale of properties.

Selling and Marketing Expenses

For the six months ended 30 June 2021, the selling and marketing expenses of the Group increased to approximately RMB2,767.5 million from approximately RMB1,922.3 million for the same period in 2020, which was primarily attributable to the increase in operating revenue of properties, which led to an increase in the carried-forward sales commission, and the increase in number of employees, which led to an increase in employee remuneration.

Administrative Expenses

For the six months ended 30 June 2021, the administrative expenses of the Group increased to approximately RMB2,571.9 million from approximately RMB2,230.1 million for the same period in 2020, which was mainly due to the increase in number of employees.

Other Losses – Net

For the six months ended 30 June 2021, the net other losses of the Group were approximately RMB32.0 million, which mainly came from the losses on disposal of subsidiaries.

Finance Costs – Net

For the six months ended 30 June 2021, net finance costs of the Group increased by 26.7% to approximately RMB827.1 million from approximately RMB653.0 million for the same period in 2020 primarily because of the increase in borrowing expenses.

Income Tax Expense

Income tax expense comprises the PRC corporate income tax and land appreciation tax. The PRC corporate income tax and land appreciation tax of the Group for the six months ended 30 June 2021 were approximately RMB2,073.0 million and approximately RMB2,027.9 million, respectively.

Financial Resources and Liquidity Ratios

As at 30 June 2021, the Group had cash at bank and on hand (including restricted cash) of approximately RMB57,097.6 million (as at 31 December 2020: approximately RMB63,368.2 million), and current and non-current borrowings of approximately RMB114,444.8 million (as at 31 December 2020: approximately RMB104,643.6 million). The maturity grouping of borrowings based on the remaining period as at 30 June 2021 and 31 December 2020, respectively, to the maturity date is as follows:

Repayment terms	30 June 2021 RMB million	31 December 2020 RMB million
Within 1 year	33,436.5	31,226.5
Over 1 year but within 2 years	37,817.0	36,867.0
Over 2 years but within 5 years	39,149.3	33,236.4
Over 5 years	4,042.0	3,313.7
	<u>114,444.8</u>	<u>104,643.6</u>

As at 30 June 2021, the Group's net debt-to-equity ratio was 65.2% (as at 31 December 2020: 50.7%). Net debt-to-equity ratio is calculated as net debt at the end of the period divided by total equity and multiplied by 100%. Net debt is calculated as total borrowings less cash and cash equivalents and restricted cash.

The Directors believed that the risks associated with our debt level are under control and that the Group is able to cope with and withstand any market volatility.

Contingent Liabilities

Pursuant to the mortgage contracts, banks require the Group to guarantee its purchasers' mortgage loans. Guarantees for mortgages on pre-sold residential properties are generally discharged at the earlier of: (i) the issue of the real estate ownership certificate by government authorities to the purchasers; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. If a purchaser defaults on a mortgage loan, the Group is responsible for repaying the outstanding mortgage principal together with accrued interests and penalties owed by the defaulting purchasers to the banks, and the Group is entitled to the legal titles and ownership of relevant properties. The Group's guarantee period typically starts from the date of the grant of the mortgage.

As at 30 June 2021, the Group's contingent liabilities in respect of the guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties amounted to approximately RMB76,577.9 million (as at 31 December 2020: approximately RMB80,015.1 million). In light of the minimal historical default rates of such mortgage loan facilities, the Directors considered that the likelihood of default on payments by the purchasers is remote, and therefore the financial guarantees measured at fair value are immaterial.

There are certain corporate guarantees provided by the Company's subsidiaries for each other in respect of borrowings as at 30 June 2021. The Directors considered that the subsidiaries have sufficient financial resources to settle their obligations.

As at 30 June 2021, the Group provided guarantees with the amount of RMB11,911.7 million (as at 31 December 2020: RMB13,605.2 million) to its joint ventures and associates.

Save as disclosed in this interim results announcement, the Group had no other material contingent liabilities as at 30 June 2021.

Foreign Exchange Risks

As at 30 June 2021 and 31 December 2020, the cash balances held by the Group are as follows:

	30 June 2021	31 December 2020
	<i>RMB million</i>	<i>RMB million</i>
Denominated in RMB	56,674.7	61,465.2
Denominated in USD	377.0	1,822.8
Denominated in HKD	44.9	80.2
Denominated in other currencies	1.0	—
	<u>57,097.6</u>	<u>63,368.2</u>

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risks arising from the exposure of U.S. dollars and Hong Kong dollars against Renminbi as certain cash balances of the Group are primarily in U.S. dollars or Hong Kong dollars and its certain general and administrative expenses and other loans are settled in these two currencies.

As a result of the issuance of senior notes, the Group became exposed to foreign currency risks arising from the exposure of Renminbi against U.S. dollars. The Directors have closely monitored the size of foreign exchange assets and liabilities so as to minimize our exposure to foreign exchange risks.

In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

Material Acquisition and Disposal

During the Reporting Period, save as disclosed under the section headed "Events during the Reporting Period" the Group did not have any material acquisitions or disposals of subsidiaries, associates or assets.

Future Plans for Material Investments or Capital Assets

The Directors confirmed that as at the date of this interim results announcement, there are no current plans to acquire any material investments or capital assets other than those acquired in the Group's ordinary business of property development.

DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

Employees and Compensation Policy

As at 30 June 2021, the Group had 30,490 full-time employees in the PRC and Hong Kong (as at 30 June 2020: 28,176).

The Group determines the remuneration packages of all the employees (including Directors) based on their performance, work experience and the prevailing market wage level, and provide promotional opportunities with reference to their individual strengths and potentials.

The remuneration package of the employees consists of basic salary, cash bonus and share-based payments. The Group has established a performance appraisal system to evaluate the performance of its employees on an annual basis and use the evaluation results to determine their salary increment or promotion accordingly. The Group recognized an expense in relation to share-based payments of approximately RMB39.6 million for the Reporting Period (for the six months ended 30 June 2020: approximately RMB92.5 million).

PURCHASE, SALE OR REDEMPTION OF ANY LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

EVENTS DURING THE REPORTING PERIOD

Connected transaction – Disposal of Assets

On 8 February 2021, Jiangsu Yungui Network Technology Co., Ltd.* (江蘇雲櫃網絡技術有限公司), a subsidiary of the Company entered into an asset disposal agreement with Nanjing Yungui Network Technology Co., Ltd.* (南京雲櫃網絡科技有限公司), a subsidiary of S-Enjoy Service Group Co., Limited, and agreed to dispose the assets (including courier lockers and their spare parts inventory and intangible assets relating to courier lockers) at a consideration of RMB32,931,300. For details of the disposal, please refer to the announcement of the Company dated 8 February 2021.

Redemption and Issuance of Senior Notes

On 22 January 2021, the Company has fully redeemed the 7.5% senior bonds at maturity of the principal amount of US\$300 million together with all accrued interests thereon. Details of the redemption are set out in the announcement of the Company dated 22 January 2021.

In January 2021, the Company has issued 4.45% senior notes in the aggregate principal amount of US\$300 million which will mature on 13 July 2025. Details of the issuance are set out in the announcement of the Company dated 7 January 2021.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Proposed Spin-off and Separate Listing of Interests in Certain Commercial Properties on SGX-ST

The Company proposed to dispose a number of subsidiaries which holds nine real estate assets located in the Yangtze River Delta Region and provincial capital cities in the PRC to a trust (the “**Trust**”) via spin-off and separately list the securities of the Trust (the “**Securities**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The separate listing of Securities on the main board of the SGX-ST constitutes a spin-off of the Securities by the Company under Practice Note 15. On 30 July 2021, the Stock Exchange has approved the proposed spin-off. For more information, please refer to the announcement of the Company dated 30 July 2021. As at the date of this announcement, Seazen Asset Management Pte. Ltd. has submitted a listing application form to the SGX-ST on 1 August 2021 to apply for the listing of and permission to deal in the Securities on the main board of the SGX-ST.

MATERIAL CHANGES

Save as disclosed herein, there have been no material changes in respect of the future development of the business of the Group (including the Company’s prospects for the current financial year) since the publication of the Company’s 2020 Annual Report.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as its own code of corporate governance. The Company has complied with the code provisions as set out in the CG Code for the six months ended 30 June 2021. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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 its own code of conduct regarding Directors’ securities transactions. The Company has made specific enquiries with all the Directors, and each of the Directors has confirmed that he has complied with the Model Code during the Reporting Period.

REVIEW OF INTERIM RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Company, comprising all the independent non-executive Directors, namely Mr. Chen Huakang (Chairman), Mr. Zhu Zengjin and Mr. Zhong Wei, has reviewed with the management the accounting principles and policies adopted by the Group and the unaudited interim results of the Group for the six months ended 30 June 2021.

PUBLICATION OF THE INTERIM RESULTS AND 2021 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.seazengroup.com.cn), and the 2021 interim report containing all the information required under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Seazen Group Limited
Wang Xiaosong
Chairman

PRC, 27 August 2021

As at the date of this announcement, the Directors are Mr. Lv Xiaoping and Mr. Lu Zhongming as executive Directors, Mr. Wang Xiaosong, Mr. Qu Dejun and Mr. Zhang Shengman as non-executive Directors, and Mr. Chen Huakang, Mr. Zhu Zengjin and Mr. Zhong Wei as independent non-executive Directors.

* *Denotes English translation of the name of a Chinese company or entity and is provided for identification purpose only.*