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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 2022**

**RESULTS HIGHLIGHTS**

- Contracted sales\* were approximately RMB65,160 million;
- Commercial operating income\*\* was approximately RMB4,718 million, representing a period-on-period increase of 19.8%;
- Revenue was approximately RMB43,351.6 million;
- Net profit attributable to equity holders of the Company was approximately RMB1,789 million;
- Core earnings\*\*\* attributable to equity holders of the Company was approximately RMB1,746 million;
- The net debt-to-equity ratio was 47.0%; and
- The weighted average interest rate of bank borrowings, senior notes and corporate bonds was 6.4%.

\* Including joint ventures and associates

\*\* Tax-included rental income includes rentals, management fee, carpark, various operation and other sporadic management income from shops, office buildings and shopping centres

\*\*\* Core earnings equals 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 2022 (or the “**Reporting Period**”), together with comparative figures for the corresponding period in 2021, as follows:

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	<b>30 June 2022 RMB’000 (Unaudited)</b>	<b>31 December 2021 RMB’000 (Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>8,178,413</b>	7,760,287
Right-of-use assets		<b>1,011,047</b>	1,014,620
Investment properties		<b>109,262,244</b>	103,948,422
Intangible assets		<b>399,855</b>	428,221
Investment in associates		<b>13,213,646</b>	13,978,986
Investment in joint ventures		<b>13,095,213</b>	13,144,774
Deferred income tax assets		<b>6,289,070</b>	6,277,187
Financial assets at fair value through profit or loss		<b>362,865</b>	362,865
Financial assets at amortised costs		<b>338,465</b>	294,879
Goodwill		<b>10,260</b>	10,260
Trade and other receivables and prepayments	5	<b>602</b>	576
<b>Total non-current assets</b>		<b>152,161,680</b>	147,221,077
<b>Current assets</b>			
Prepayments for leasehold land		<b>533,286</b>	3,686,009
Properties held or under development for sale		<b>247,460,251</b>	250,383,115
Trade and other receivables and prepayments	5	<b>68,806,684</b>	77,126,030
Contract costs		<b>3,979,194</b>	3,800,297
Financial assets at fair value through other comprehensive income		<b>710,677</b>	743,746
Financial assets at fair value through profit or loss		<b>697,045</b>	1,028,965
Financial assets at amortised costs		<b>514,809</b>	466,313
Restricted cash		<b>6,888,447</b>	9,048,650
Cash and cash equivalents		<b>38,718,982</b>	46,604,698
<b>Total current assets</b>		<b>368,309,375</b>	392,887,823
<b>Total assets</b>		<b>520,471,055</b>	540,108,900

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Note</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	<b>31 December 2021 RMB'000 (Audited)</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital: nominal value	6	5,323	5,081
Reserves		<u>44,728,098</u>	<u>42,154,256</u>
		<b>44,733,421</b>	<b>42,159,337</b>
Non-controlling interests		<u>53,401,976</u>	<u>55,259,999</u>
<b>Total equity</b>		<u><b>98,135,397</b></u>	<u><b>97,419,336</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	7	60,429,641	66,046,959
Lease liabilities		609,819	623,072
Deferred income tax liabilities		<u>7,531,112</u>	<u>6,627,205</u>
<b>Total non-current liabilities</b>		<u><b>68,570,572</b></u>	<u><b>73,297,236</b></u>
<b>Current liabilities</b>			
Trade and other payables	8	106,907,887	123,744,212
Advances from lessees		1,299,290	1,179,045
Contract liabilities		202,182,532	193,284,614
Current income tax liabilities		10,974,482	12,928,382
Borrowings	7	32,308,643	38,169,140
Lease liabilities		<u>92,252</u>	<u>86,935</u>
<b>Total current liabilities</b>		<u><b>353,765,086</b></u>	<u><b>369,392,328</b></u>
<b>Total liabilities</b>		<u><b>422,335,658</b></u>	<u><b>442,689,564</b></u>
<b>Total equity and liabilities</b>		<u><b>520,471,055</b></u>	<u><b>540,108,900</b></u>

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
	Note	2022	2021
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	9	43,351,645	79,802,227
Cost of sales and services	10	(34,696,196)	(65,767,955)
<b>Gross profit</b>		<b>8,655,449</b>	<b>14,034,272</b>
Fair value gains on investment properties		771,036	551,722
Fair value losses on financial instruments			
at fair value through profit or loss		(26,876)	(34,967)
Selling and marketing costs	10	(1,716,899)	(2,767,499)
Administrative expenses	10	(2,351,486)	(2,571,862)
Net impairment gains/(losses) on financial assets		129,087	(355,623)
Other income		284,236	235,550
Other expenses		(11,283)	(12,600)
Other losses – net		(141,712)	(32,007)
<b>Operating profit</b>		<b>5,591,552</b>	<b>9,046,986</b>
Finance income	11	194,232	269,062
Finance costs	11	(1,253,647)	(1,096,139)
<b>Finance costs – net</b>	11	<b>(1,059,415)</b>	<b>(827,077)</b>
Share of results of associates		(165,177)	94,169
Share of results of joint ventures		386,577	446,585
<b>Profit before income tax</b>		<b>4,753,537</b>	<b>8,760,663</b>
Income tax expense	12	(1,792,587)	(4,100,900)
<b>Profit for the period</b>		<b>2,960,950</b>	<b>4,659,763</b>
<b>Profit for the period attributable to:</b>			
– Equity holders of the Company		1,789,211	2,914,918
– Non-controlling interests		1,171,739	1,744,845
		<b>2,960,950</b>	<b>4,659,763</b>
<b>Earnings per share for profit attributable to equity holders of the Company</b>			
– Basic earnings per share	13	RMB0.28	RMB0.47
– Diluted earnings per share	13	RMB0.28	RMB0.47

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	<b>2,960,950</b>	<b>4,659,763</b>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	(349,848)	184,977
– Changes in fair value of debt instruments at fair value through other comprehensive income	(25,627)	(2,272)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
– Currency translation differences attributable to non-controlling interests	(167,220)	89,983
– Share of other comprehensive income of an associate accounted for using the equity method	(3,688)	(2,463)
– Changes in fair value of debt instruments at fair value through other comprehensive income	(17,084)	–
– Changes in fair value of equity investments at fair value through other comprehensive income	(1,901)	(1,515)
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(565,368)</b>	<b>268,710</b>
<b>Total comprehensive income for the period</b>	<b>2,395,582</b>	<b>4,928,473</b>
<b>Total comprehensive income for the period attributable to:</b>		
– Equity holders of the Company	1,408,908	3,095,160
– Non-controlling interests	986,674	1,833,313
	<b>2,395,582</b>	<b>4,928,473</b>

## 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 Act (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 30 August 2022.

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 2022 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 2021, 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 2021, 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 2022

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments HKAS 37
- Annual Improvements to HKFRS Standards 2018-2020
- Reference to the Conceptual Framework – Amendments to HKFRS 3
- COVID-19 Related Rent Concessions beyond 30th June 2021 – Amendments to HKFRS 16

The adoption of the above new amendments starting from 1 January 2022 did not give rise to significant impact on the Group's results of operations and financial position for the six months ended 30 June 2022.

### 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 2022 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 2022 (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	42,803,047	668,387	43,471,434	(119,789)	43,351,645
– At a point in time	37,985,614	455,202	38,440,816	(1,262)	38,439,554
– Over time	2,309,712	210,788	2,520,500	(62,333)	2,458,167
– Rental income	2,507,721	2,397	2,510,118	(56,194)	2,453,924
Segment profit before income tax expense	5,008,412	(220,791)	4,787,621	(34,084)	4,753,537
Fair value gains on investment properties	664,059	–	664,059	106,977	771,036
Fair value losses on financial instruments at fair value through profit or loss	(16,595)	(10,281)	(26,876)	–	(26,876)
Finance income	165,025	376,101	541,126	(346,894)	194,232
Finance costs	(948,369)	(652,172)	(1,600,541)	346,894	(1,253,647)
Depreciation and amortisation	(195,554)	(206,391)	(401,945)	–	(401,945)
Share of results of associates	(180,299)	66,874	(113,425)	(51,752)	(165,177)
Share of results of joint ventures	386,570	7	386,577	–	386,577

A reconciliation to profit for the period is as follows:

	Six months ended 30 June 2022 RMB'000 (Unaudited)
Total segment profits before income tax expense after elimination	4,753,537
Income tax expense	(1,792,587)
Profit for the period	2,960,950



	As at 30 June 2022 (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	514,882,681	16,064,776	530,947,457	(10,476,402)	520,471,055
Segment assets include:					
Investments in associates	12,592,536	2,620,450	15,212,986	(1,999,340)*	13,213,646
Investments in joint ventures	13,072,515	22,698	13,095,213	–	13,095,213
Additions to non-current assets (other than financial instruments and deferred tax assets)	4,798,810	328,986	5,127,796	–	5,127,796
Segment liabilities	<u>418,235,093</u>	<u>10,764,607</u>	<u>428,999,700</u>	<u>(6,664,042)</u>	<u>422,335,658</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 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	<u>447,763</u>	<u>(1,178)</u>	<u>446,585</u>	<u>–</u>	<u>446,585</u>

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

A reconciliation to profit for the period is as follows:

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

	<b>As at 30 June 2021 (Unaudited)</b>				
	<b>A share company RMB'000</b>	<b>Non-A share companies RMB'000</b>	<b>Total segment RMB'000</b>	<b>Elimination RMB'000</b>	<b>Total Group RMB'000</b>
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.

## 5 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade accounts receivables	782,894	784,736
Notes receivables	49,485	26,158
	<hr/>	<hr/>
Total trade receivables	832,379	810,894
Less: Impairment losses	(14,013)	(14,047)
	<hr/>	<hr/>
Trade receivables – net	818,366	796,847
	<hr/>	<hr/>
Prepayments		
– Prepaid income tax and land appreciation tax	9,046,466	9,063,433
– Prepaid value-added tax and input VAT to be deducted	10,358,570	12,655,126
– Prepaid surcharges and other taxes	685,740	744,205
– Prepayments for construction costs	13,457	266,079
– Others	131,745	1,067,346
	<hr/>	<hr/>
	20,235,978	23,796,189
	<hr/>	<hr/>
Receivables from government related bodies		
– Earnest money for reconstructing villages	539,540	539,540
– Tender deposits	52,760	53,760
– Advanced proceeds received from customers deposited with government designated entities	2,415,614	3,098,799
– Government issued coupon for house buyers	34,120	50,060
– Deposits with public housing fund centres	518,783	530,339
– Deposits with property maintenance	144,952	101,421
– Others	430,992	828,303
	<hr/>	<hr/>
	4,136,761	5,202,222
Less: Impairment losses	(4,550)	(5,722)
	<hr/>	<hr/>
	4,132,211	5,196,500
	<hr/>	<hr/>

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Due from related parties	13,371,700	16,996,949
Less: Impairment losses	<u>(495,751)</u>	<u>(622,906)</u>
	<u>12,875,949</u>	<u>16,374,043</u>
Receivables from joint venture partners	2,688,483	2,949,026
Receivables from non-controlling shareholders of subsidiaries	<u>24,183,639</u>	<u>24,329,041</u>
	26,872,122	27,278,067
Less: Impairment losses	<u>(481,011)</u>	<u>(488,277)</u>
	<u>26,391,111</u>	<u>26,789,790</u>
Receivables from others	4,439,851	4,252,877
Less: Impairment losses	<u>(86,180)</u>	<u>(79,640)</u>
	<u>4,353,671</u>	<u>4,173,237</u>
Total trade and other receivables and prepayments	69,888,791	78,337,198
Less: Total impairment losses	<u>(1,081,505)</u>	<u>(1,210,592)</u>
	<u>68,807,286</u>	<u>77,126,606</u>
Less: Non-current portion	<u>(602)</u>	<u>(576)</u>
Current portion	<u>68,806,684</u>	<u>77,126,030</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 of other services businesses 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 2022 and 31 December 2021 are as follows:

	As at <b>30 June 2022</b> <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	789,724	727,431
Between 1 and 2 years	35,536	74,561
Between 2 and 3 years	7,119	8,902
	<u>832,379</u>	<u>810,894</u>

The maximum exposure to credit risk at 30 June 2022 and 31 December 2021 is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 30 June 2022 and 31 December 2021, the fair values of trade and other receivables are approximately as their carrying amounts.

As at 30 June 2022 and 31 December 2021, 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 2021, 30 June 2021, 1 January 2022 and 30 June 2022 (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>
Opening balance as at 1 January 2022	6,210,026,000	5,081
Issuance of shares (i)	<u>295,715,521</u>	<u>242</u>
Closing balance as at 30 June 2022	<u>6,505,741,521</u>	<u>5,323</u>

- (i) The Group allotted and issued 295,715,521 shares on 27 January 2022 pursuant to the Rights Issue, details of which were set out in the Rights Issue Prospectus of the Company dated 5 January 2022 (the “**Rights Issue Prospectus**”).

## 7 BORROWINGS

	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
Non-current, secured:		
– Loans from banks and non-bank financial institutions	48,848,399	53,279,236
– Senior notes	5,011,881	7,301,264
– Financing under securitisation arrangements	6,548,000	6,596,000
	<u>60,408,280</u>	<u>67,176,500</u>
Non-current, unsecured:		
– Loans from banks and non-bank financial institutions	6,976,778	5,443,288
– Middle term notes	2,030,000	3,761,000
– Private placement notes	170,000	300,000
– Corporate bonds	4,630,647	6,229,677
– Senior notes	11,350,636	13,932,622
	<u>25,158,061</u>	<u>29,666,587</u>
Less: Current portion of long-term borrowings	<u>(25,136,700)</u>	<u>(30,796,128)</u>
	<u>60,429,641</u>	<u>66,046,959</u>
Current, secured:		
– Loans from banks and non-bank financial institutions	3,627,542	3,974,712
	<u>3,627,542</u>	<u>3,974,712</u>
Current, unsecured:		
– Loans from banks and non-bank financial institutions	559,678	875,895
– Senior notes	2,012,365	1,265,919
	<u>2,572,043</u>	<u>2,141,814</u>
Interest payable of short-term borrowings	<u>94,786</u>	<u>7,700</u>
Current portion of long-term borrowings	<u>25,136,700</u>	<u>30,796,128</u>
Interest payable of long-term borrowings	<u>877,572</u>	<u>1,248,786</u>
	<u>32,308,643</u>	<u>38,169,140</u>

## 8 TRADE AND OTHER PAYABLES

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Trade payables	40,193,824	53,648,921
Notes payable	6,292,491	6,681,502
Payables to related parties	24,539,914	25,330,032
Payables for acquisition of subsidiaries, joint ventures and associates	152,155	526,459
Output VAT on contract liabilities to be transferred	18,165,989	16,843,230
Advances from non-controlling shareholders of subsidiaries	3,853,346	5,379,997
Amounts received for potential investments in property projects	2,663,624	3,378,080
Accrued expenses	2,812,690	2,466,737
Value-added tax and other taxes payable	660,093	1,517,885
Deposits for construction biddings and rental deposits	3,853,038	3,853,824
Accrued payroll	407,357	1,128,525
Others	3,313,366	2,989,020
	<b>106,907,887</b>	123,744,212
Less: Non-current portion	—	—
Current portion	<b>106,907,887</b>	123,744,212

The aging analysis of trade payables and notes payable based on the invoice date or demand note as at 30 June 2022 and 31 December 2021 is as follows:

	As at 30 June 2022 <i>RMB'000</i> (Unaudited)	As at 31 December 2021 <i>RMB'000</i> (Audited)
Within 1 year	43,841,044	57,540,753
Between 1 and 2 years	2,645,271	2,789,670
	<b>46,486,315</b>	60,330,423

As at 30 June 2022 and 31 December 2021, the fair values of trade and other payables are approximately their carrying amounts.

As at 30 June 2022 and 31 December 2021, the carrying amounts of trade and other payables are primarily denominated in RMB.

## 9 REVENUE

	Six months ended 30 June	
	2022	2021
	<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	37,735,699	74,267,149
– Other services	249,915	220,710
Non-A share Companies		
– Other services	453,940	573,519
	<u>38,439,554</u>	<u>75,061,378</u>
Revenue from contract with customers recognised over time		
A share Company		
– Commercial property management services	1,808,466	1,513,869
– Other services	438,913	977,421
Non-A share Companies		
– Other services	210,788	248,072
	<u>2,458,167</u>	<u>2,739,362</u>
Rental income		
A share Company	2,451,527	2,001,087
Non-A share Companies	2,397	400
	<u>2,453,924</u>	<u>2,001,487</u>
	<u>43,351,645</u>	<u>79,802,227</u>



## 10 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Construction costs	16,509,701	33,406,038
Land use rights costs	11,935,096	22,135,307
Capitalised interest	3,207,143	6,509,216
Staff costs	2,130,575	2,321,742
Advertising and publicity costs and sales commission	773,392	1,644,109
Provision for impairment of properties held or under development for sale	162,647	999,460
Tax and surcharges	663,583	701,626
Depreciation of property, plant and equipment	347,437	332,919
Professional fees	155,845	325,147
Travelling expenses	46,972	115,016
Entertainment expenses	44,686	107,717
Bank charges	85,702	67,467
Amortisation of right-of-use assets and intangible assets	54,508	58,929
Rental expenses of low-value and short-term leases	5,482	5,335
Auditor's remuneration	1,050	1,200
Other expenses	2,640,762	2,376,088
Total cost of sales and services, selling and marketing costs and administrative expenses	38,764,581	71,107,316

## 11 FINANCE COSTS – NET

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Finance costs		
– Interest on borrowings	(3,014,643)	(3,474,535)
– Significant financing component of pre-sale contracts	(3,095,954)	(3,248,204)
– Interest and finance charges paid/payable for lease liabilities	(22,674)	(29,852)
– Less: Interest capitalised	5,363,798	5,658,227
	(769,473)	(1,094,364)
– Net foreign exchange losses	(484,174)	(1,775)
Total finance costs	(1,253,647)	(1,096,139)
Finance income		
– Interest income on bank deposits	194,232	269,062
Net finance costs	(1,059,415)	(827,077)

## 12 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax		
– PRC land appreciation tax	472,156	2,027,873
– PRC corporate income tax	430,484	2,820,647
	<u>902,640</u>	<u>4,848,520</u>
Deferred income tax	889,947	(747,620)
Total income tax charged for the period	<u>1,792,587</u>	<u>4,100,900</u>

### Cayman Island income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act 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%, for as the Group has assessable profits in Hong Kong during the six months ended 30 June 2022 (for the six months ended 30 June 2021: 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 2022, 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 condensed 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 2022 and 2021 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.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Consolidated profit attributable to ordinary equity holders of the Company (RMB'000)	<b>1,789,211</b>	2,914,918
Weighted average number of ordinary shares in issue ('000)	<b>6,441,105</b>	6,184,091
Basic earnings per share (RMB)	<b>0.28</b>	0.47

The share options and awarded shares granted by the Company have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from share options granted by the Company (collectively forming the denominator for computing the diluted earnings per share). The Company has share options outstanding for the six months ended 30 June 2022. However, they are anti-dilutive for the six months ended 30 June 2022.

In addition, the profit attributable to equity holders (numerator) has been adjusted by the effect of the share options granted by the A share company, excluding those which have anti-dilutive effect to the Group diluted earnings per share.

	<b>Six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Profit attributable to equity holders of the Company	<b>1,789,211</b>	2,914,918
Dilution effect arising from share-based awards issued by the A share company	<b>(2,411)</b>	–
Profit attributable to equity holders of the Company for the calculation of diluted earnings per share	<b>1,786,800</b>	2,914,918
Weighted average number of ordinary shares in issue ('000)	<b>6,441,105</b>	6,184,091
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)	<b>6,441,105</b>	6,184,631
Diluted earnings per share (RMB)	<b>0.28</b>	0.47

### 14 DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review and Prospects

The first half of 2022 has been extraordinary. Under the guidance of “homes are for living in, not for speculation” and “stabilization” policies, the real estate industry continued to turn towards a healthy, de-financialized and sustainable development. The Company remains adhering to its strategy of “dual-drive” and long-term development, and tasks are proceeded firmly and precisely in an orderly manner.

Affected by the overall macroeconomic environment and the epidemic, the downward pressure on the real estate market in the first half of 2022 is still enormous. Against the backdrop of the overall pressure on the industry, the Group achieved a contracted sales amount of approximately RMB65.16 billion with contracted sales area of approximately 6,572,000 square meters (“sq.m.”).

The nationwide layout of “Wuyue Plazas” helps the Group to pass through the regulation cycle in the real estate industry. As of 30 June 2022, the Group has opened 189 Wuyue Plazas in 135 cities across the country. The total number of the Wuyue Plazas in operation and under entrusted management has reached 131. Total revenue from business operation was approximately RMB4.72 billion for the first half of 2022. In the first half of 2022, Guang’an Wuyue Plaza was newly opened in Sichuan with a total gross floor area (“GFA”) of 140,000 sq.m. and has a 100% occupancy rate. During the three-day opening period, the number of visitors totaled approximately 340,000, and the sales amounted to approximately RMB16.05 million. The vibrance of the Wuyue Plazas have contributed to post-epidemic consumption recovery and economic development.

In the first half of 2022, the Group’s financial security was further consolidated. As of 30 June 2022, gearing ratio after excluding advanced proceeds of the Group was 69.0%, and the net debt-to-equity ratio was 47.0%. The constant optimization of the capital structure has further enhanced the recognition by financial institutions. In January 2022, the Group successfully raised capital of approximately HKD1,559.79 million through rights issue, of which the controlling shareholders of the Company applied for the maximum number of excess rights shares in addition to the rights shares allotted to them in accordance with the terms of the rights issue. The additional payment of approximately HKD240.0 million for the subscription signified the confidence of the controlling shareholders in the business development and future prospects of the Company. As for the offerings in the public market, in the first half of the year, the Group successfully issued middle term notes in the amount of RMB1.0 billion in the PRC, which was the first corporate bond in the inter-bank market to use the credit risk mitigation warrant of a private enterprise. The Group also successfully issued 7.95% senior green notes in the principal amount of US\$100.0 million outside the PRC. As of 30 June 2022, the Group received a total amount of facilities of RMB108.4 billion in aggregate from major banks, of which the Company and its subsidiaries have utilized RMB28.0 billion. The Company may carry out financing activities within the above-mentioned total facilities amount to support its business development.

Under the guidance of the national “carbon peaking and carbon neutrality” policy, the Group has incorporated the concept of sustainable development into the Group’s overall strategy. In the first half of 2022, the Group released the “Green and Low-Carbon Development Plan”, striving to achieve green, low-carbon and high-quality transformation. Through the self-creation of a large-scale public welfare brand “Colorful Light Project” (七色光計劃), the Group has carried out several public welfare activities, such as the Glorious Library (光彩圖書館), the Warm Spring Sports Season (暖春運動季), and the Spring Planting Project (春種計劃).

In the second half of 2022, under the real estate industry’s adherence to the “homes are for living in, not for speculation” policy, the regulation policy is being slightly relaxed and the supply side continued to adjust the land supply structure. With the keynote of the policy of “stabilizing the real estate market, ensuring the delivery of house, and stabilizing people’s livelihood”, confidence in the industry is expected to gradually recover, and the overall development of the industry will tend to be stable.

In good times and bad, the Company always firmly believes that only by providing high-quality products and services to customers can it become the mainstay of the industry, and the Company is also well aware that only by sharing development with stakeholders can its foundation last perpetually. The Group will continue to improve product quality and services, honor its pledge, improve customer satisfaction and actively fulfill its social responsibilities in environmental protection and social welfare. Facing the uncertain financial market environment, the Group will actively optimize the debt structure, ensure sufficient liquidity, assure stable operation, and actively respond to the call of the State to reduce leverage and stabilize expectations.

The future is still promising. The road belongs to explorers who have the courage to make unremitting efforts. The Company hopes to seize the opportunities, create more value with the least resources, and give back to the society and shareholders of the Company (the “**Shareholders**”).

## Business Review

### *Property Development*

For the six months ended 30 June 2022, the contracted sales of the Group amounted to approximately RMB65,160 million, the total GFA sold was approximately 6.572 million sq.m. and the average contracted selling price (excluding parking spaces sales) amounted to approximately RMB11,082 per sq.m..

#### *Table 1: Breakdown of the Group's contracted sales in the first half of 2022*

The following table sets out the geographic breakdown of the Group's contracted sales in the first half of 2022:

<b>Province/Region</b>	<b>Contracted GFA sold (sq.m.)</b>	<b>Contracted sales RMB('000)</b>
<b>Yangtze River Delta Area</b>		
Jiangsu Province	1,929,441	23,151,660
Zhejiang Province	359,125	5,275,440
Anhui Province	237,880	1,318,490
Shanghai City	40,883	1,620,050
<b>Central and Western China Area</b>		
Hunan Province	451,632	3,391,220
Hubei Province	416,696	3,154,810
Henan Province	291,550	2,180,870
Chongqing City	227,208	1,550,390
Yunnan Province	199,396	1,027,950
Sichuan Province	198,344	1,488,270
Jiangxi Province	153,192	1,348,620
Guizhou Province	133,734	913,010
Shaanxi Province	131,486	1,044,080
Xinjiang Uygur Autonomous Region	129,168	1,104,300
Guangxi Zhuang Autonomous Region	124,519	679,380
Shanxi Province	118,155	726,790
Qinghai Province	47,018	477,360
Gansu Province	18,178	196,650
Inner Mongolia Autonomous Region	14,713	23,900
Ningxia Hui Autonomous Region	6,126	12,500

<b>Province/Region</b>	<b>Contracted GFA sold (sq.m.)</b>	<b>Contracted sales RMB('000)</b>
<b>Bohai Rim Area</b>		
Shandong Province	642,075	4,644,030
Tianjin City	253,835	2,977,220
Hebei Province	114,658	1,049,530
Beijing City	40,806	1,415,130
Liaoning Province	8,294	32,070
Jilin Province	684	2,190
<b>Greater Bay and Other Area</b>		
Guangdong Province	240,409	3,607,840
Fujian Province	42,788	746,130
Hainan Province	27	140
<b>Total</b>	<b>6,572,020</b>	<b>65,160,000</b>

As at 30 June 2022, the pre-sold but not delivered properties of the Group (including joint ventures and associates) amounted to approximately RMB337,139.60 million, with a total GFA of approximately 34.69 million sq.m., laying a solid foundation for continuous and steady growth in the Group's future recognized revenue.

## ***Land Bank***

As at 30 June 2022, the total land bank of the Group was approximately 131 million sq.m.. The historical average acquisition cost of our land bank was approximately RMB2,709 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***

<b>City/Region</b>	<b>Full-caliber land bank (sq.m.)</b>	<b>Percentage of the Group's total land bank (%)</b>	<b>Attributable land bank (sq.m.)</b>	<b>Percentage of the Group's attributable land bank (%)</b>
<b>Yangtze River Delta Area</b>				
Suzhou City	4,264,488	3.27%	1,888,191	2.75%
Xuzhou City	3,991,253	3.06%	2,346,387	3.41%
Huai'an City	3,492,329	2.68%	1,447,138	2.10%
Changzhou City	3,471,505	2.66%	1,365,755	1.99%
Suqian City	2,832,146	2.17%	1,718,056	2.50%
Yancheng City	2,571,324	1.97%	1,391,002	2.02%
Lianyungang City	2,369,863	1.82%	705,823	1.03%
Wenzhou City	2,284,501	1.75%	780,721	1.14%
Nantong City	2,153,599	1.65%	661,382	0.96%
Fuyang City	1,753,788	1.34%	1,084,929	1.58%
Taizhou City	1,750,714	1.34%	823,457	1.20%
Nanjing City	1,714,330	1.31%	593,092	0.86%
Taizhou City	1,432,091	1.10%	371,955	0.54%
Zhenjiang City	1,167,153	0.89%	601,216	0.87%
Huzhou City	1,079,938	0.83%	570,334	0.83%
Yangzhou City	956,041	0.73%	631,585	0.92%
Chuzhou City	925,932	0.71%	600,176	0.87%
Jiaxing City	765,284	0.59%	252,002	0.37%
Shanghai City	742,154	0.57%	207,925	0.30%
Hangzhou City	597,626	0.46%	202,116	0.29%
Tongling City	383,514	0.29%	254,600	0.37%
Huaibei City	370,036	0.28%	245,653	0.36%
Hefei City	292,877	0.22%	195,385	0.28%
Jinhua City	268,340	0.21%	96,853	0.14%



<b>City/Region</b>	<b>Full-caliber land bank (sq.m.)</b>	<b>Percentage of the Group's total land bank (%)</b>	<b>Attributable land bank (sq.m.)</b>	<b>Percentage of the Group's attributable land bank (%)</b>
Wuxi City	266,381	0.20%	89,090	0.13%
Lu'an City	234,575	0.18%	155,977	0.23%
Wuhu City	229,567	0.18%	98,467	0.14%
Shaoxing City	188,373	0.14%	48,735	0.07%
Bengbu City	167,380	0.13%	65,823	0.10%
Bozhou City	163,538	0.13%	52,732	0.08%
Ningbo City	74,552	0.06%	19,443	0.03%
Zhoushan City	12,309	0.01%	2,744	0.00%
<b>Central and Western Area of China</b>				
Kunming City	4,152,355	3.18%	2,338,743	3.40%
Chongqing City	3,845,549	2.95%	2,135,004	3.10%
Changsha City	2,854,586	2.19%	1,151,366	1.67%
Guiyang City	2,757,520	2.11%	1,604,581	2.33%
Urumqi City	2,192,323	1.68%	1,007,696	1.47%
Zhengzhou City	2,152,316	1.65%	989,789	1.44%
Wuhan City	1,830,937	1.40%	922,263	1.34%
Nanchang City	1,472,699	1.13%	557,197	0.81%
Ezhou City	1,290,553	0.99%	853,461	1.24%
Baoshan City	1,264,038	0.97%	839,147	1.22%
Changde City	1,186,815	0.91%	787,881	1.15%
Huangshi City	1,183,629	0.91%	753,217	1.10%
Shangrao City	1,038,470	0.80%	183,885	0.27%
Chengdu City	994,482	0.76%	431,477	0.63%
Xiantao City	931,758	0.71%	616,185	0.90%
Yongzhou City	896,168	0.69%	592,648	0.86%
Datong City	849,875	0.65%	569,727	0.83%
Shangqiu City	847,657	0.65%	562,727	0.82%
Yuncheng City	795,285	0.61%	528,919	0.77%
Loudi City	786,253	0.60%	519,960	0.76%
Anyang City	775,216	0.59%	514,637	0.75%
Liupanshui City	766,322	0.59%	510,428	0.74%
Baotou City	759,482	0.58%	505,872	0.74%
Xining City	758,174	0.58%	503,323	0.73%
Taiyuan City	720,921	0.55%	479,118	0.70%
Ankang City	680,122	0.52%	453,012	0.66%

<b>City/Region</b>	<b>Full-caliber land bank (sq.m.)</b>	<b>Percentage of the Group's total land bank (%)</b>	<b>Attributable land bank (sq.m.)</b>	<b>Percentage of the Group's attributable land bank (%)</b>
Guang'an City	664,152	0.51%	439,213	0.64%
Yinchuan City	590,890	0.45%	396,192	0.58%
Xianyang City	571,288	0.44%	202,827	0.29%
Qiannan Buyei and Miao Autonomous Prefecture	561,196	0.43%	337,035	0.49%
Zunyi City	558,718	0.43%	371,596	0.54%
Zhaotong City	527,095	0.40%	383,589	0.56%
Neijiang City	489,167	0.37%	326,445	0.47%
Guilin City	486,342	0.37%	278,227	0.40%
Yibin City	480,289	0.37%	318,846	0.46%
Xiangtan City	475,221	0.36%	315,481	0.46%
Xiaogan City	464,548	0.36%	209,752	0.30%
Nanning City	420,675	0.32%	180,716	0.26%
Lanzhou City	418,831	0.32%	278,496	0.40%
Beihai City	414,481	0.32%	275,158	0.40%
Xi'an City	403,383	0.31%	269,024	0.39%
Yichang City	389,090	0.30%	258,302	0.38%
Suizhou City	356,637	0.27%	259,539	0.38%
Xuchang City	342,144	0.26%	92,754	0.13%
Guigang City	334,368	0.26%	221,975	0.32%
Baoji City	290,082	0.22%	192,730	0.28%
Jingzhou City	280,854	0.22%	167,964	0.24%
Luohe City	243,855	0.19%	38,930	0.06%
Xiangyang City	220,670	0.17%	160,591	0.23%
Yan'an City	187,430	0.14%	124,428	0.18%
Deyang City	186,700	0.14%	123,943	0.18%
Qinzhou City	183,726	0.14%	121,969	0.18%
Zhuzhou City	177,527	0.14%	58,861	0.09%
Jiujiang City	172,774	0.13%	68,824	0.10%
Leshan City	109,595	0.08%	72,403	0.11%
Meishan City	90,583	0.07%	34,343	0.05%
Huanggang City	54,659	0.04%	11,519	0.02%

<b>City/Region</b>	<b>Full-caliber land bank (sq.m.)</b>	<b>Percentage of the Group's total land bank (%)</b>	<b>Attributable land bank (sq.m.)</b>	<b>Percentage of the Group's attributable land bank (%)</b>
<b>Bohai Rim Area</b>				
Tianjin City	4,766,951	3.65%	2,410,048	3.50%
Qingdao City	2,504,059	1.92%	963,610	1.40%
Tai'an City	2,420,040	1.85%	1,374,888	2.00%
Yantai City	1,188,759	0.91%	591,408	0.86%
Zibo City	1,126,766	0.86%	703,180	1.02%
Cangzhou City	1,012,299	0.78%	625,760	0.91%
Tangshan City	975,838	0.75%	450,115	0.65%
Rizhao City	971,886	0.74%	588,980	0.86%
Beijing City	893,259	0.68%	231,451	0.34%
Weifang City	853,910	0.65%	560,940	0.82%
Binzhou City	767,684	0.59%	510,666	0.74%
Dezhou City	752,187	0.58%	499,349	0.73%
Shenyang City	746,123	0.57%	495,323	0.72%
Dongying City	726,622	0.56%	476,278	0.69%
Baoding City	506,227	0.39%	166,318	0.24%
Jinan City	384,844	0.29%	162,418	0.24%
Jining City	299,450	0.23%	199,838	0.29%
Liaocheng City	294,215	0.23%	74,792	0.11%
Shijiazhuang City	188,990	0.14%	83,887	0.12%
Handan City	185,999	0.14%	124,713	0.18%
Weihai City	111,238	0.09%	52,165	0.08%
Langfang City	73,013	0.06%	48,955	0.07%
Linyi City	5,608	0.00%	3,757	0.01%

<b>City/Region</b>	<b>Full-caliber land bank (sq.m.)</b>	<b>Percentage of the Group's total land bank (%)</b>	<b>Attributable land bank (sq.m.)</b>	<b>Percentage of the Group's attributable land bank (%)</b>
<b>Greater Bay and Other Area</b>				
Huizhou City	1,596,023	1.22%	741,950	1.08%
Shanwei City	859,118	0.66%	570,796	0.83%
Yunfu City	663,910	0.51%	439,053	0.64%
Fuzhou City	642,594	0.49%	279,266	0.41%
Foshan City	590,749	0.45%	210,356	0.31%
Zhangzhou City	516,098	0.40%	174,752	0.25%
Zhaoqing City	389,142	0.30%	280,241	0.41%
Shenzhen City	234,557	0.18%	149,784	0.22%
Guangzhou City	190,848	0.15%	59,721	0.09%
Jiangmen City	173,648	0.13%	88,709	0.13%
Zhongshan City	135,193	0.10%	39,631	0.06%
Dongguan City	111,060	0.09%	58,093	0.08%
Other completed projects	10,759,303	8.24%	7,214,112	10.49%
<b>Total</b>	<b>130,516,187</b>	<b>100.00%</b>	<b>68,777,983</b>	<b>100.00%</b>

In the first half of 2022, the Group acquired one new project to replenish our land bank, which was acquired through listing-for-sale acquisition. This new acquisition of land has a total GFA of approximately 16,029 sq.m., with the cost of newly acquired land of approximately RMB1,763 per sq.m..

***Table 3: Land acquisition in the first half of 2022***

<b>Location</b>	<b>Name of Land Parcel</b>	<b>Land use</b>	<b>Proportion of interest</b>	<b>Site area (sq.m.)</b>	<b>Total GFA (sq.m.)</b>	<b>Total land premium (RMB million)</b>
Shangqiu	Shangqiu Suiyang Project	Commercial	66.39%	6,411.52	16,028.80	28.26

## Property Investment

The Group recorded rental and management fee income from investment properties of approximately RMB4,404 million for the six months ended 30 June 2022, representing a period-on-period increase of 19.52%.

**Table 4: Breakdown of rental and management fee income from investment properties of the Group in the first half of 2022**

Province	Number of plazas	Occupancy rate	First half of 2022 RMB('000)	First half of 2021 RMB('000)
Jiangsu Province	37	96.55%	1,437,451	1,272,724
Zhejiang Province	16	98.75%	712,898	642,543
Anhui Province	12	95.25%	348,587	346,061
Shaanxi Province	6	93.62%	233,593	228,845
Shandong Province	7	93.54%	235,251	102,037
Hunan Province	4	94.09%	145,229	120,409
Guangxi Zhuang Autonomous Region	5	91.37%	118,646	129,641
Yunnan Province	5	94.97%	122,598	109,412
Hubei Province	4	99.23%	130,252	100,601
Jiangxi Province	3	98.41%	94,886	103,324
Sichuan Province	5	94.77%	124,362	88,522
Jilin Province	2	96.33%	66,531	68,822
Hainan Province	1	100.00%	74,624	68,252
Tianjin City	3	95.82%	96,000	48,730
Hebei Province	2	92.94%	73,370	44,034
Shanghai City	2	97.56%	53,542	68,639
Guizhou Province	2	96.42%	45,971	40,723
Qinghai Province	1	95.76%	40,007	41,418
Inner Mongolia Autonomous Region	3	89.48%	42,364	31,531
Fujian Province	1	96.24%	25,275	28,670
Liaoning Province	1	99.13%	36,708	—
Henan Province	1	98.53%	36,149	—
Ningxia Hui Autonomous Region	1	99.25%	40,576	—
Chongqing City	2	97.54%	39,661	—
Guangdong Province	1	100.00%	29,585	—

### Notes:

1. The data of Shanghai City includes the occupancy of the offices of Shanghai Seazen Holdings Tower B.
2. Rental and management fee income includes rentals, management fee, carpark, various operation and other sporadic management income.

3. The Company's total commercial operating income for the six months ended 30 June 2022 was approximately RMB4.718 billion (i.e. tax-included rental income), including: rentals, management fee, carpark, various operation and other sporadic management income from shops, office buildings and shopping centres; the Company's total commercial operating income for the same period in 2021 was approximately RMB3.938 billion (i.e. tax-included rental income).
4. The occupancy rate represents the occupancy of the commercial property as at 30 June 2022.

The Group did not hold any significant investments except for the aforementioned investment properties as at 30 June 2022.

### ***Property Delivery and Revenue from Sale of Properties***

In the first half of 2022, the revenue of the Group's property development business was approximately RMB37,735.7 million. Properties with a total GFA of 4,599,344 sq.m. were delivered. The average selling price of properties delivered and recognized as sales was approximately RMB8,205 per sq.m..

***Table 5: Breakdown of property development revenue by provinces in the first half of 2022***

The following table sets forth the revenue information relating to the properties the Group delivered for sale during the first half of 2022:

<b>Province</b>	<b>Revenue (RMB million)</b>	<b>GFA (sq.m.)</b>	<b>Average selling price (RMB/sq.m.)</b>
Jiangsu Province	9,517	922,218	10,320
Guangdong Province	4,977	523,871	9,501
Anhui Province	4,762	603,895	7,886
Shandong Province	4,585	696,824	6,580
Hubei Province	3,522	470,956	7,478
Tianjin City	2,278	180,333	12,630
Henan Province	1,645	255,914	6,426
Sichuan Province	1,059	121,530	8,710
Zhejiang Province	1,009	110,869	9,103
Hunan Province	907	176,005	5,152
Guizhou Province	708	122,993	5,758
Hebei Province	622	53,585	11,616
Chongqing City	607	137,353	4,420
Yunnan Province	607	93,276	6,507
Jiangxi Province	377	43,368	8,692
Guangxi Zhuang Autonomous Region	273	60,959	4,481
Ningxia Hui Autonomous Region	171	11,706	14,565
Shanghai City	50	2,809	17,801
Inner Mongolia Autonomous Region	36	5,578	6,505
Liaoning Province	9	1,077	8,466
Qinghai Province	7	3,400	1,982
Shaanxi Province	4	214	16,676
Fujian Province	3	386	8,979
Shanxi Province	1	225	4,259
	<b>37,736</b>	<b>4,599,344</b>	<b>8,205</b>



## Financial Review

### *Revenue*

For the first half of 2022, the Group's revenue amounted to approximately RMB43,351.6 million. The amount of revenue of each significant category is as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Revenue from sale of properties	<b>37,735.7</b>	74,267.1
Revenue from commercial property management services	<b>1,808.5</b>	1,513.9
Rental income	<b>2,453.9</b>	2,001.5
Other income	<b>1,353.5</b>	2,019.7
	<hr/>	<hr/>
	<b>43,351.6</b>	79,802.2
	<hr/>	<hr/>

### *Fair Value Gains on Investment Properties*

The Group develops and holds several commercial properties such as shopping malls, car parks and so forth 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 2022 were approximately RMB771.0 million.

### *Gross Profit*

For the six months ended 30 June 2022, the gross profit of the Group was approximately RMB8,655.4 million.

### *Selling and Marketing Costs*

For the six months ended 30 June 2022, the selling and marketing costs of the Group decreased to approximately RMB1,716.9 million from approximately RMB2,767.5 million for the same period in 2021, which was primarily attributable to the decrease in revenue from sale of properties, which led to a decrease in items such as carried-forward sales commission.

### ***Administrative Expenses***

For the six months ended 30 June 2022, the administrative expenses of the Group decreased to approximately RMB2,351.5 million from approximately RMB2,571.9 million for the same period in 2021, which was mainly due to a decrease in agency fee and travelling expenses during the Reporting Period.

### ***Other Losses – Net***

For the six months ended 30 June 2022, the net other losses of the Group were approximately RMB141.7 million, which mainly came from the losses on disposal of subsidiaries.

### ***Finance Costs – Net***

For the six months ended 30 June 2022, net finance costs of the Group increased by 28.1% to approximately RMB1,059.4 million from approximately RMB827.1 million for the same period in 2021 primarily because of the increase in foreign exchange losses.

### ***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 2022 were approximately RMB1,320.4 million and approximately RMB472.2 million, respectively.

### ***Financial Resources and Liquidity Ratios***

As at 30 June 2022, the Group had cash at bank and on hand (including restricted cash) of approximately RMB45,607.4 million (as at 31 December 2021: approximately RMB55,653.3 million), current and non-current borrowings of approximately RMB92,738.3 million (as at 31 December 2021: approximately RMB104,216.1 million), of which interest payable was approximately RMB972.4 million. The maturity grouping of borrowings based on the remaining period as at 30 June 2022 and 31 December 2021, respectively, to the maturity date is as follows:

<b><i>Borrowing Terms</i></b>	<b>30 June 2022 RMB million</b>	<b>31 December 2021 RMB million</b>
Within 1 year	<b>32,308.6</b>	38,169.1
Over 1 year but within 2 years	<b>24,271.8</b>	35,103.5
Over 2 years but within 5 years	<b>28,337.5</b>	27,319.5
Over 5 years	<b>7,820.4</b>	3,624.0
	<b>92,738.3</b>	104,216.1

As at 30 June 2022, the Group's net debt-to-equity ratio was 47.0% (as at 31 December 2021: 48.6%). 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 interest payable, 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. The Group's guarantee period typically starts from the date of the grant of the mortgage. 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. The Group has provided guarantees to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties.

As at 30 June 2022, the Group provided guarantees to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties amounting to approximately RMB78,635.1 million (as at 31 December 2021: approximately RMB73,048.9 million).

There are certain corporate guarantees provided by the Company's subsidiaries for each other in respect of borrowings as at 30 June 2022. The Directors considered that the subsidiaries have sufficient financial resources to settle their obligations.

As at 30 June 2022, the Group provided guarantees with the amount of approximately RMB7,747.5 million (as at 31 December 2021: approximately RMB10,556.2 million) to its joint ventures and associates.

Save as disclosed in this announcement, the Group had no other material contingent liabilities as at 30 June 2022.

### ***Foreign Exchange Risks***

As at 30 June 2022 and 31 December 2021, the cash balances held by the Group are as follows:

	<b>30 June 2022 RMB million</b>	<b>31 December 2021 RMB million</b>
Denominated in RMB	<b>45,339.4</b>	55,225.1
Denominated in USD	<b>175.9</b>	319.9
Denominated in HKD	<b>92.0</b>	107.4
Denominated in other currencies	<b>0.1</b>	0.9
	<b>45,607.4</b>	<b>55,653.3</b>

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.

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, 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 announcement, the Group currently has no intention 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 any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: nil).

## **Employees and Compensation Policy**

As at 30 June 2022, the Group had 27,169 full-time employees in the PRC and Hong Kong.

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 remuneration expenses in relation to share-based payments of approximately RMB3.8 million for the Reporting Period.

## **Purchase, Sale or Redemption of any Listed Securities of the Company**

During the six months ended 30 June 2022, 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**

### ***Rights Issue***

In order to strengthen the Company's capital base without incurring debt financing costs and to enhance the Company's financial position, while at the same time enabling Shareholders to participate in the future development of the Group, on 2 December 2021, the Company proposed the rights issue on the basis of one (1) rights share for every twenty-one (21) existing shares held on 4 January 2022, being the record date, at the subscription price of HKD5.30 per rights share on a non-underwritten basis (the "**Rights Issue**").

The Rights Issue was completed on 27 January 2022, and 295,715,521 rights shares in total were allotted and issued by the Company to the Qualifying Shareholders (as defined in the Rights Issue Prospectus). The gross proceeds raised from the Rights Issue before expenses was approximately HKD1,567.29 million. The net proceeds raised from the Rights Issue was approximately HKD1,559.79 million, equivalent to a net subscription price of approximately HKD5.27 per rights share.

As of 30 June 2022, the intended and actual use of proceeds from the Rights Issue are set out as follows:

<b>Intended use of net proceeds as disclosed in the Rights Issue Prospectus</b>	<b>Amount of intended use of net proceeds as disclosed in the Rights Issue Prospectus</b>	<b>Actual used amount of net proceeds</b>	<b>Balance of unused net proceeds</b>	<b>Expected timeline for the intended use</b>
Acquisition of lands in Sichuan Province and Hubei Province	Approximately HKD935.87 million	–	Approximately HKD935.87 million	On or before 31 December 2022
Repayment of a syndicated loan	Approximately HKD623.92 million	Approximately HKD623.92 million	–	Fully utilized
<b>Total</b>	<b>Approximately HKD1,559.79 million</b>	<b>Approximately HKD623.92 million</b>	<b>Approximately HKD935.87 million</b>	<b>On or before 31 December 2022</b>

Other than the Rights Issue, fund raising activities carried out by the Group for the six months ended 30 June 2022 also included the issuance of senior green notes. Please refer to the section headed “Issuance of Senior Green Notes by New Metro Global Limited” in this announcement for further information.

Prior to the completion of the Rights Issue, the Company had 12,819,000 outstanding share options under the Share Option Scheme. In accordance with the terms and conditions of the Share Option Scheme, Rule 17.03(13) of the Listing Rules, and the Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note Immediately After the Rule attached to the Frequently Asked Question No. 072-2020 issued by the Stock Exchange on 6 November 2020, the exercise price and the number of Shares falling to be issued upon exercise of the share options immediately after the adjustments as a result of the completion of the Rights Issue were as follows:

<b>Date of grant</b>	<b>Immediately prior to the adjustments as a result of completion of the Rights Issue</b>		<b>Immediately after the adjustments as a result of completion of the Rights Issue</b>	
	<b>Number of Shares to be issued upon exercise of the outstanding share option</b>	<b>Exercise price per share of share options (HKD)</b>	<b>Adjusted number of shares to be issued upon exercise of the outstanding share options</b>	<b>Adjusted exercise price per share of share option (HKD)</b>
1 November 2019	12,819,000	8.620	12,853,245	8.597

For details of the Rights Issue and adjustments relating to the share options of the Company, please refer to the announcements of the Company dated 2 December 2021, 10 January 2022 and 26 January 2022 and the Rights Issue Prospectus.

### ***Redemption of Senior Notes***

On 10 June 2022, the Company has fully redeemed the 6.45% senior notes at maturity of the principal amount of US\$400 million together with all accrued interests thereon. For details of the redemption, please refer to the announcement of the Company dated 10 June 2022.

### ***Issuance of Senior Green Notes by New Metro Global Limited***

On 30 May 2022, New Metro Global Limited (新城環球有限公司), an overseas subsidiary of Seazen Holdings, completed the issuance of the 7.95% senior green notes due 2023 in the principal amount of US\$100.0 million and guaranteed by the Company. For details of the issuance, please refer to the announcement of the Company dated 31 May 2022.

## **SIGNIFICANT EVENT AFTER THE REPORTING PERIOD**

### ***Potential Disposal of Equity Interests in a Non-Wholly-Owned Subsidiary***

On 5 July 2022, the Company, together with its wholly-owned subsidiary, Changzhou Hengxuan Consulting Management Co. Ltd.\* (常州恒軒諮詢管理有限公司) (“**Changzhou Hengxuan**”), entered into a memorandum of understanding with the potential buyer, Hengdian Entertainment Co. Ltd.\* (橫店影視股份有限公司) (the “**Potential Buyer**”), in relation to the potential disposal of equity interests in Shanghai Xingyi Cinema Management Co. Ltd.\* (上海星軼影院管理有限公司) (the “**Target Company**”) (the “**Potential Disposal**”). The Potential Disposal is still subject to the formal sale and purchase agreement, which shall be entered into among the Company, Changzhou Hengxuan and the Potential Buyer on or before 8 October 2022. For details of the Potential Disposal, please refer to the announcement of the Company dated 5 July 2022.

## **MATERIAL CHANGES**

Save as disclosed in this announcement, 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 2021 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 (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 part 2 of the CG Code for the six months ended 30 June 2022. 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 2022.

## **PUBLICATION OF THE INTERIM RESULTS AND 2022 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](http://www.hkexnews.hk)) and the Company ([www.seazengroup.com.cn](http://www.seazengroup.com.cn)), and the 2022 interim report containing all the information required under the Listing Rules will be dispatched 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*

The PRC, 30 August 2022

*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.*