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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 2020

RESULTS HIGHLIGHTS

– Contracted sales* were approximately RMB97,521 million, and rental income** from Wuyue Plazas was approximately RMB2,132 million;

– Revenue was approximately RMB37,905 million, representing a period-on-period growth of approximately 116.0%;

– Gross profit was approximately RMB8,754 million, representing a period-on-period growth of approximately 40.2%;

– Core earnings were approximately RMB3,279 million, representing a period-on-period growth of 41.2%. Core earnings attributable to equity holders of the Company*** were approximately RMB1,638 million, representing a period-on-period growth of 26.4%;

– Total cash including restricted cash was approximately RMB66,096 million, with a net debt-to-equity ratio of 55.1%;

– The contracted amount of pre-sold but not recognized* was approximately RMB405,797 million, subject to recognition;

– Total gross floor area ("**GFA**") of the land bank* was approximately 137 million sq.m., with an average acquisition cost of approximately RMB2,458 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 exclude unrealized foreign exchange gains or losses relating to borrowings and after-tax gain on disposal of certain subsidiaries engaging in residential property management business.

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 2020 (or the "**Reporting Period**"), together with comparative figures for 2019, as follows:

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	Note	**30 June 2020** *RMB'000* **(Unaudited)**	31 December 2019 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**5,314,216**	4,899,719
Right-of-use assets – Land use rights		**786,188**	426,306
Right-of-use assets – Others		**194,186**	191,934
Investment properties		**72,484,263**	66,182,793
Intangible assets		**509,839**	474,954
Investment in associates		**9,078,177**	7,833,878
Investment in joint ventures		**13,174,087**	11,734,122
Deferred income tax assets		**3,830,460**	3,900,916
Financial assets at fair value through profit or loss		**762,009**	581,673
Financial assets at amortised costs		**757,214**	488,996
Goodwill		**10,260**	10,260
Trade and other receivables and prepayments	*5*	**264,782**	250,654
Total non-current assets		**107,165,681**	96,976,205
Current assets			
Prepayments for leasehold land		**11,380,412**	578,819
Properties held or under development for sale		**252,378,797**	231,283,880
Trade and other receivables and prepayments	*5*	**72,090,674**	70,759,431
Contract costs		**2,007,906**	1,962,747
Financial assets at fair value through other comprehensive income		**492,770**	338,697
Financial assets at fair value through profit or loss		**650,103**	733,870
Financial assets at amortised costs		**109,528**	34,697
Restricted cash		**6,301,941**	5,882,328
Cash and cash equivalents		**59,793,796**	59,691,685
Total current assets		**405,205,927**	371,266,154
Total assets		**512,371,608**	468,242,359

	Note	30 June 2020 RMB'000 (Unaudited)	31 December 2019 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the Company			
Share capital: nominal value	6	**5,081**	4,807
Reserves		**27,027,682**	24,987,914
		27,032,763	24,992,721
Non-controlling interests		**34,669,689**	32,823,080
Total equity		**61,702,452**	57,815,801
LIABILITIES			
Non-current liabilities			
Borrowings	7	**55,032,225**	46,997,939
Lease liabilities		**736,922**	58,282
Deferred income tax liabilities		**4,634,903**	4,486,053
Total non-current liabilities		**60,404,050**	51,542,274
Current liabilities			
Trade and other payables	8	**102,114,409**	106,303,180
Advances from lessees		**458,192**	698,017
Contract liabilities		**228,766,824**	197,667,554
Current income tax liabilities		**10,481,560**	13,128,753
Borrowings	7	**45,048,641**	40,849,008
Lease liabilities		**133,837**	144,841
Financial liabilities at fair value through profit or loss		**77,772**	80,993
Dividends payables		**3,183,871**	11,938
Total current liabilities		**390,265,106**	358,884,284
Total liabilities		**450,669,156**	410,426,558
Total equity and liabilities		**512,371,608**	468,242,359

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2020

	Note	**Six months ended 30 June 2020** *RMB'000* **(Unaudited)**	2019 *RMB'000* (Unaudited)
Revenue	*9*	**37,905,194**	17,552,281
Cost of sales and services	*10*	**(29,151,514)**	(11,310,505)
Gross profit		**8,753,680**	6,241,776
Fair value gains on investment properties		**588,282**	599,871
Fair value losses on financial instruments at fair value through profit or loss		**(58,997)**	(2,807)
Selling and marketing expenses	*10*	**(1,922,325)**	(977,743)
Administrative expenses	*10*	**(2,230,133)**	(1,362,118)
Net impairment gains/(losses) on financial assets		**11,626**	(51,668)
Other income		**145,612**	79,229
Other expenses		**(16,147)**	(1,610)
Other gains – net		**27,857**	27,153
Operating profit		**5,299,455**	4,552,083
Finance income	*11*	**290,505**	198,728
Finance costs	*11*	**(943,491)**	(679,164)
Finance costs – net	*11*	**(652,986)**	(480,436)
Share of results of associates		**750,025**	367,981
Share of results of joint ventures		**465,062**	127,451
Profit before income tax		**5,861,556**	4,567,079
Income tax expense	*12*	**(2,370,012)**	(1,859,038)
Profit for the period		**3,491,544**	2,708,041
Profit for the period attributable to:			
– Equity holders of the Company		**1,758,454**	1,528,171
– Non-controlling interests		**1,733,090**	1,179,870
		3,491,544	2,708,041
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	*13*	**RMB0.28**	RMB0.26
– Diluted earnings per share	*13*	**RMB0.28**	RMB0.26

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2020

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**3,491,544**	2,708,041
Other comprehensive income		
Items that may be reclassified to profit or loss		
– Currency translation differences	**(221,981)**	(1,006)
Items that may not be reclassified subsequently to profit or loss		
– Share of other comprehensive income of an associate accounted for using the equity method	**(40,745)**	–
– Changes in fair value of financial instruments at fair value through other comprehensive income	**(9,102)**	2,069
Other comprehensive (loss)/income for the period, net of tax	**(271,828)**	1,063
Total comprehensive income for the period	**3,219,716**	2,709,104
Total comprehensive income for the period attributable to:		
– Equity holders of the Company	**1,561,807**	1,528,331
– Non-controlling interests	**1,657,909**	1,180,773
	3,219,716	2,709,104

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**"), unless otherwise stated, and were approved and authorized for issue by the board of directors of the Company on 21 August 2020.

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 2020 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 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 2019, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA.

3 ACCOUNTING POLICIES

Except for the newly effective standards, amendments and interpretations that became applicable to the Group first time in the six months ended 30 June 2020, the accounting policies adopted are consistent with those of the 2019 Financial Statements as described therein.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

3.1 New standards, amendments and interpretation adopted by the Group in the six months ended 30 June 2020

- Amendments to HKAS 1 and HKAS 8 – Regarding definition of material
- Revised Conceptual Framework for Financial Reporting
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Regarding interest rate benchmark reform
- Amendment to HKFRS 16 – Covid-19 – Related Rent Concessions

The adoption of the above new standard, amendments and interpretation starting from 1 January 2020 did not give rise to any significant impact on the Group's results of operations and financial position for the six months ended 30 June 2020.

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 2020 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.

3.3 Accounting policy which becomes applicable to the Group during the six months ended 30 June 2020

The Group is the lessor of certain leased properties. For leased right-of-use assets together with leasehold improvements leased out, the Group classifies them as investment properties and measured them at fair value.

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 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 represents mainly the dividends declared by the A share 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	**(2,370,012)**
Profit for the period	**3,491,544**

	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	**444,092,836**	**16,131,307**	**460,224,143**	**(9,554,987)**	**450,669,156**

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

	Six months ended 30 June 2019 (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	17,063,563	541,726	17,605,289	(53,008)	17,552,281
– At a point in time	*14,700,824*	*302,223*	*15,003,047*	*(1,358)*	*15,001,689*
– Over time	*1,325,705*	*239,503*	*1,565,208*	*(19,492)*	*1,545,716*
– Rental income	*1,037,034*	*–*	*1,037,034*	*(32,158)*	*1,004,876*
Segment profit before income tax expense	4,771,834	2,068,945	6,840,779	(2,273,700)*	4,567,079
Fair value gains on investment properties	599,871	–	599,871	–	599,871
Fair value gains/(losses) on financial instruments at fair value through profit or loss	12,016	(14,823)	(2,807)	–	(2,807)
Finance income	170,086	287,614	457,700	(258,972)	198,728
Finance costs	(417,250)	(520,886)	(938,136)	258,972	(679,164)
Depreciation and amortisation	(159,698)	(76,559)	(236,257)	–	(236,257)
Share of results of associates	368,805	(824)	367,981	–	367,981
Share of results of joint ventures	127,451	–	127,451	–	127,451

* The elimination represents mainly the dividends declared by the A share company.

A reconciliation to profit for the period is as follows:

	Six months ended 30 June 2019 *RMB'000* (Unaudited)
Total segment profits before income tax expense after elimination	4,567,079
Income tax expense	(1,859,038)
Profit for the period	2,708,041

	As at 30 June 2019 (Unaudited)				
	A share company	**Non-A share companies**	**Total segment**	**Elimination**	**Total Group**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	423,319,602	18,003,338	441,322,940	(12,512,617)	428,810,323
Segment assets include:					
Investments in associates	6,727,529	4,586,215	11,313,744	(4,059,401)*	7,254,343
Investments in joint ventures	13,591,018	109,856	13,700,874	–	13,700,874
Additions to non-current assets (other than financial instruments and deferred tax assets)	10,353,924	(158,684)	10,195,240	–	10,195,240
Segment liabilities	367,004,744	16,937,671	383,942,415	(4,472,566)	379,469,849

* The elimination represents mainly 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 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade accounts receivables	**584,368**	648,824
Notes receivables	**25,672**	39,883
Total trade receivables	**610,040**	688,707
Less: Impairment losses	**(5,844)**	(6,488)
Trade receivables – net	**604,196**	682,219
Prepayments		
– Prepaid income tax and land appreciation tax	**9,892,674**	8,915,633
– Prepaid value-added tax and input VAT to be deducted	**13,387,997**	12,573,262
– Prepaid surcharges and other taxes	**688,760**	664,426
– Prepayments for construction costs	**400,917**	371,622
– Others	**475,846**	500,490
	24,846,194	23,025,433
Receivables from government related bodies		
– Earnest money for reconstructing villages	**621,810**	621,810
– Tender deposits	**899,900**	1,119,490
– Advanced proceeds received from customers deposited with a government designated entity	**1,876,780**	2,203,379
– Government issued coupon for house buyers	**138,153**	199,226
– Deposits with public housing fund centres	**275,069**	283,037
– Deposits with property maintenance	**48,634**	249,325
– Others	**797,397**	1,181,362
	4,657,743	5,857,629
Less: Impairment losses	**(4,658)**	(5,858)
	4,653,085	5,851,771

	As at 30 June 2020 *RMB'000* (Unaudited)	As at 31 December 2019 *RMB'000* (Audited)
Due from related parties	**13,935,005**	22,571,773
Less: Impairment losses for a particular item	**(130,481)**	(148,197)
	13,804,524	22,423,576
Less: Impairment losses for other items	**(125,162)**	(211,861)
	13,679,362	22,211,715
Receivables from joint venture partners	**3,055,619**	1,927,279
Receivables from non-controlling shareholders of subsidiaries	**19,697,044**	14,650,229
	22,752,663	16,577,508
Less: Impairment losses	**(227,527)**	(165,775)
	22,525,136	16,411,733
Receivables from others		
– Lending to an investee	**264,937**	250,241
– Other deposits	**1,814,376**	1,042,785
– Others	**4,048,561**	1,581,698
	6,127,874	2,874,724
Less: Impairment losses for a particular item	**(19,305)**	(18,952)
	6,108,569	2,855,772
Less: Impairment losses for other items	**(61,086)**	(28,558)
	6,047,483	2,827,214
Total trade and other receivables and prepayments	**72,929,519**	71,595,774
Less: Total impairment losses	**(574,063)**	(585,689)
	72,355,456	71,010,085
Less: Non-current portion	**(264,782)**	(250,654)
Current portion	**72,090,674**	70,759,431

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 receivables based on invoice date as at 30 June 2020 and 31 December 2019 are as follows:

	As at 30 June 2020	As at 31 December 2019
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Less than 1 year	**531,611**	588,928
Between 1 and 2 years	**71,196**	91,714
Between 2 and 3 years	**7,233**	8,065
	610,040	688,707

The maximum exposure to credit risk at 30 June 2020 and 31 December 2019 is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 30 June 2020 and 31 December 2019, the fair value of trade and other receivables approximate their carrying amounts.

As at 30 June 2020 and 31 December 2019, 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
	HKD share
As at 1 January 2019, 30 June 2019, 1 January 2020 and 30 June 2020 (Unaudited)	10,000,000,000

(b) Issued shares

	Number of issued shares	**Ordinary shares**
	HKD0.001 each	***RMB'000***
Opening balance as at 1 January 2020	5,899,000,000	4,807
Shares placing (i)	311,000,000	274
Balance as at 30 June 2020	6,210,000,000	5,081

(i) On 21 January 2020, a total of 311,000,000 shares were placed with not less than six placees at a price of HKD8.78 per share. The net proceeds from the placing, after deduction of related costs and expenses amounted to approximately HKD2,711 million, equivalent to RMB2,393,241,000, among which RMB274,000 was recorded as share capital and RMB2,392,967,000 was recorded as reserve .

7 BORROWINGS

	As at 30 June 2020 RMB'000 (Unaudited)	As at 31 December 2019 RMB'000 (Audited)
Non-current, secured:		
– Bank loans and non-bank financial institutions	**34,647,035**	29,993,247
– Trust financing arrangements	**8,433,831**	4,406,800
– Senior notes	**23,824,933**	20,692,123
– Financing under securitisation arrangements	**3,700,162**	2,080,750
	70,605,961	57,172,920
Non-current, unsecured:		
– Middle term notes	**7,921,000**	8,500,000
– Private placement notes	**2,630,000**	4,500,000
– Corporate bonds	**7,006,575**	6,419,845
	17,557,575	19,419,845
Less: Current portion of long-term borrowings	**(33,131,311)**	(29,594,826)
	55,032,225	46,997,939
Current, secured:		
– Bank loans and non-bank financial institutions	**791,387**	1,946,615
– Trust financing arrangements	**2,736,937**	2,839,110
– Senior notes	**–**	2,091,910
– Financing under securitisation arrangements	**4,193,000**	3,073,000
	7,721,324	9,950,635
Current, unsecured:		
– Bank loans	**–**	134,370
– Corporate bonds	**1,196,006**	1,169,177
– Short-term Commercial Paper	**3,000,000**	–
	4,196,006	1,303,547
Current portion of long-term borrowings	**33,131,311**	29,594,826
	45,048,641	40,849,008

8 TRADE AND OTHER PAYABLES

	As at 30 June 2020 *RMB'000* (Unaudited)	As at 31 December 2019 *RMB'000* (Audited)
Trade payables	**31,481,805**	36,785,256
Notes payable	**3,128,168**	4,267,825
Payables to related parties	**29,328,304**	30,599,865
Payables for acquisition of subsidiaries, joint ventures and associates	**856,236**	1,145,549
Advances from non-controlling shareholders of subsidiaries	**5,752,331**	3,464,387
Accrued payroll	**353,281**	1,827,052
Amounts received for potential investments in property projects	**4,031,834**	2,217,980
Value-added and other taxes payable	**803,766**	2,120,176
Deposits for construction biddings and rental deposits	**2,958,615**	2,511,944
Interest payable	**1,224,144**	1,371,484
Output VAT on contract liabilities to be transferred	**19,565,880**	17,156,476
Others	**2,630,045**	2,835,186
	102,114,409	106,303,180
Less: Non-current portion	**–**	–
Current portion	**102,114,409**	106,303,180

The aging analysis of trade payables and notes payable based on the invoice date as at 30 June 2020 and 31 December 2019 are as follows:

	As at 30 June 2020 *RMB'000* (Unaudited)	As at 31 December 2019 *RMB'000* (Audited)
Less than 1 year	**32,009,060**	39,101,037
Between 1 and 2 years	**1,340,519**	914,412
Between 2 and 3 years	**434,832**	487,357
Over 3 years	**825,562**	550,275
	34,609,973	41,053,081

As at 30 June 2020 and 31 December 2019, the fair values of trade and other payables are approximately their carrying amounts.

As at 30 June 2020 and 31 December 2019, the carrying amounts of trade and other payables are primarily denominated in RMB.

9 REVENUE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contract with customers recognised at a point in time		
A share company		
– Sales of properties	**34,447,000**	14,483,650
– Other services	**398,572**	217,174
Non-A share companies		
– Other services	**31,435**	300,865
	34,877,007	15,001,689
Revenue from contract with customers recognised over time		
A share company		
– Commercial property management services	**891,810**	653,720
– Other services	**717,846**	652,493
Non-A share companies		
– Other services	**182,178**	239,503
	1,791,834	1,545,716
Rental income	**1,236,353**	1,004,876
	37,905,194	17,552,281

10 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Construction costs	**13,763,003**	5,404,778
Land use rights costs	**8,688,230**	2,587,855
Capitalised interest	**3,961,986**	1,601,035
Staff costs	**1,966,401**	1,410,817
Direct operating costs incurred for service income	**1,092,721**	709,944
Advertising and publicity costs and sales commission	**901,779**	576,528
Provision for impairment of properties held or under development for sale	**698,955**	26,592
Professional and consulting fees	**296,224**	127,760
Stamp duty, property tax and land use tax	**294,774**	208,769
Depreciation of property, plant and equipment	**286,918**	198,979
Amortisation of right-of-use assets and intangible assets	**208,574**	37,278
Tax and surcharges	**168,103**	100,920
Bank charges	**125,499**	69,639
Travelling expenses	**60,467**	119,712
Entertainment expenses	**38,253**	45,039
Auditor's remuneration	**1,200**	1,200
Rental expenses of low-value and short-term leases	**969**	22,041
Other expenses	**749,916**	401,480
	33,303,972	13,650,366

11 FINANCE COSTS – NET

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance costs		
– Interest on borrowings	**(3,027,995)**	(2,950,566)
– Interest on proceeds from pre-sale to customers	**(7,178,526)**	(2,458,090)
– Interest and finance charges paid/payable for lease liabilities	**(25,364)**	(5,627)
– Less: Interest capitalised	**9,368,646**	4,818,784
	(863,239)	(595,499)
– Net foreign exchange losses relating to borrowings	**(70,740)**	(63,169)
– Net foreign exchange losses on cash and cash equivalents	**(9,512)**	(20,496)
Total finance costs	**(943,491)**	(679,164)
Finance income		
– Interest income on bank deposits	**290,505**	198,728
Net finance costs	**(652,986)**	(480,436)

12 INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	2019
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current income tax		
– PRC land appreciation tax	**1,198,669**	950,228
– PRC corporate income tax	**941,767**	1,068,498
	2,140,436	2,018,726
Deferred income tax	**229,576**	(159,688)
Total income tax charged for the period	**2,370,012**	1,859,038

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 2020 (For the six months ended 30 June 2019: Nil).

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC ("**CIT Law**"), the CIT rate applicable to the Group's subsidiaries located in mainland China is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC 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 PRC and Hong Kong. For the six months ended 30 June 2020, the Group accrued for PRC withholding tax based on the tax rate of 5% on a portion of the earnings generated by its PRC 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 2020 and 2019 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 2020 (Unaudited)	2019 (Unaudited)
Consolidated profit attributable to ordinary equity holders of the Company (RMB'000)	**1,758,454**	1,528,171
Weighted average number of ordinary shares in issue ('000)	**6,175,824**	5,899,133
Basic earnings per share (RMB)	**0.28**	0.26

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 has share options outstanding for the six months ended 30 June 2020. However, they are anti-dilutive for the six months ended 30 June 2020.

	Six months ended 30 June 2020 (Unaudited)	2019 (Unaudited)
Consolidated profit attributable to equity holders of the Company in calculating diluted earnings per share (RMB'000)	**1,758,454**	1,528,171
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share ('000)	**6,175,824**	5,899,133
Diluted earnings per share (RMB)	**0.28**	0.26

14 DIVIDENDS

A final dividend in respect of 2019 of RMB0.31 (translated as HKD0.3386 at an exchange rate of HKD1.00 to RMB0.9155) per ordinary share, amounting to RMB1,925,027,000, was approved at the annual general meeting of the Company held on 10 June 2020. The dividend is reflected as an appropriation of retained earnings for the six months ended 30 June 2020. As of 30 June 2020, 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 2020 (for the six months ended 30 June 2019: nil).

Management Discussion and Analysis

Review

In the first half of 2020, facing the sudden outbreak of the COVID-19 epidemic and the complex and volatile domestic and international economic situation, the Group firmly adhered to its established business plan centering on the strategic goal of "pursuing high-quality, steady and sustainable growth" and focused on the two-wheel driven long-term development strategy of "residential + business". The Group has further optimised on seven dimensions, namely investment level, operational capabilities, marketing methods, product quality, synergies of services, organizational support, and construction of information system, reaped the harvest of a series of work achievements, thus effectively reduced the adverse impact of the COVID-19 epidemic on the Company's operations, and laid down a solid business foundation for long-term sustainable development. The Group achieved contracted sales of approximately RMB97.52 billion in the first half of the year. Rental income from Wuyue Plazas amounted to approximately RMB2.13 billion. The Group continued to maintain its leading position in the country in terms of contracted sales and rental income.

As soon as the COVID-19 epidemic has been effectively contained, the Group has, on the premise of ensuring adequate preparation and guaranteeing employee's safety, timely responded to the call of the country to promptly push forward the resumption of operation and production of various businesses. Through the establishment of node support, precise and effective property provision and special measures, such as online and offline marketing, the Group has ensured the accomplishment of its sales targets.

In terms of investment expansion, the Group maintained its rationality while actively expanding its land reserve, focusing on regional penetration and balanced investment. In the first half of the year, the Group entered into the markets of 10 new cities including, amongst others, Shijiazhuang, Lanzhou, and Urumqi for the first time, launched 56 new projects and expanded its land reserves with a gross floor area of approximately 19.08 million sq.m., of which the portion of property value in first and second-tier cities steadily increased. Accordingly, through the optimisation of its property value structure, the Company has secured its upcoming sales volume and price. As of 30 June 2020, the Group has made a complete layout in 6 national strategic megalopolis, with a total land reserve area of 137 million sq.m., which covers 115 prefecture-level cities in 28 provinces and will serve as sufficient saleable resources for stable growth in the future.

In terms of product enhancement, in the first half of the year, the Group's three major product lines and the new Chinese-style high-end product line, "Puyue Series (璞樾系)", were developed in parallel with each other, and have undergone iterative improvement. We strove to implement the customer-centric business philosophy, and placed product service experience and the improvement of residential functions as our first priority, We aim to create high-quality products, and comprehensively promote the application of new technologies and construction methods such as green buildings and prefabricated buildings so as to enhance our brand recognition, customers' living experience and satisfaction.

In terms of business management, Wuyue Plaza has now become a one-stop urban commercial comprehensive project integrating commerce, culture, and regional specialities. The Group firmly implements the business philosophy of "Happy Commerce", and builds Wuyue Plazas with a personalised IP, stronger operational capabilities and competitiveness through aligning with industry benchmarks to show the value of Seazen's commercial properties. Due to the impact of the COVID-19 epidemic, the development and construction progress of the pre-opening shopping malls and the rental income of the shopping malls in commenced operation were affected at the beginning of the year. However, through the concerted efforts of our business management team, refined management, innovative product types, and the mutual support with merchants to jointly overcome the difficulties, we obtained a rental income of approximately RMB2.13 billion in the first half of the year, maintaining a period-on-period growth of approximately 22.5%. As at the date of this interim results announcement, the Group had 139 Wuyue Plazas distributed in 86 cities across the country. It stood firmly in the commercial sector in China in terms of the scale and number of plazas and ranking of rental income.

In terms of finance, the Group received issuer ratings of "Ba2", "BB" and "BB" from international rating agencies, including Moody's, Standard & Poor's and Fitch in April, with a stable outlook. The Group gained full recognition from the rating agencies for its sound business operations, self-disciplined financial management and good credit. In the first half of the year, the Group continued to maintain a prudent and robust financial management and cash flow management strategy, and the rolling proceeds recovery rate of the Group's sales reached 90%. As of 30 June 2020, the Group's net debt-to-equity ratio was 55.1%, and the ratio of cash to short-term borrowings reached 1.5 times, with the debt structure as well as the Group's resilience against financial risks being constantly enhanced.

Prospects

Looking ahead to the second half of the year, against the backdrop of an economic downturn coupled with the impact of the COVID-19 epidemic, the central government has a strong appeal to for achieving "stability in six areas" (stabilising employment, stabilising finance, stabilising foreign trade, stabilising foreign investment, stabilising investment, and stabilising expectations). Prudent monetary policies will remain flexible and moderate, and the construction of a long-term real estate mechanism will continue to focus on the supply-side reform to guide the balance between housing supply and demand in the medium and long term. The Group expects that the real estate market will stick to prioritising development stability in the second half of the year. The industry as a whole will enter into a stable period. The acceleration in the differentiation of the sales performance of real estate companies and market will become increasingly concentrated. The Group will adhere to the two-wheel driven long-term development strategy of "residential + business", and continue to strengthen its core competitiveness such as organisational management and control, brand value, project quality, product creation and service standard. Meanwhile, the Group will pay attention to prudent financial management to achieve the steady and high-quality development of the Company to safeguard the interests of all investors and stakeholders of the Company.

Overall Overview

For the six months ended 30 June 2020, contracted sales of the Group were approximately RMB97,521.5 million. Revenue increased by 116.0% to approximately RMB37,905.2 million from the same period last year; gross profit increased by 40.2% to approximately RMB8,753.7 million from the same period last year; net profit was approximately RMB3,491.5 million, and net profit attributable to equity holders of the Company was approximately RMB1,758.5 million; core earnings were approximately RMB3,279.3 million, and core earnings attributable to equity holders of the Company were approximately RMB1,638.1 million.

Business Review

Property Development

For the six months ended 30 June 2020, the contracted sales of the Group amounted to approximately RMB97,521.5 million, and the total GFA sold was approximately 8,775,000 sq.m. A total of 105 cities and over 370 projects contributed to our sales revenue. The average contracted selling price (excluding carparks) amounted to RMB12,092 per sq.m.

Table 1: Details of the Group's contracted sales in the first half of 2020

The following table sets out the geographic breakdown of the Group's contracted sales in the first half of 2020:

City/Region	**Contracted GFA sold** *(sq.m.)*	**Contracted sales** *(RMB million)*
Yangtze River Delta Area		
Changzhou	327,909	6,042
Nanjing	161,303	4,652
Wenzhou	181,993	4,374
Yancheng	365,744	3,312
Shanghai	44,153	3,235
Xuzhou	257,515	2,725
Suqian	272,981	2,327
Huzhou	159,714	2,089
Suzhou (蘇州)	248,580	2,066
Nantong	137,676	1,781
Ningbo	109,631	1,567
Shaoxing	68,860	1,452
Taizhou (台州)	76,285	1,446
Hefei	88,016	1,275
Huai'an	167,357	1,212

City/Region	Contracted GFA sold *(sq.m.)*	Contracted sales *(RMB million)*
Taizhou (泰州)	131,975	1,182
Yangzhou	109,011	1,106
Zhenjiang	104,465	1,048
Chuzhou	104,525	909
Jinhua	76,943	869
Jiaxing	63,826	829
Lianyungang	89,342	806
Fuyang	78,822	777
Hangzhou	24,652	741
Lu'an	80,145	580
Wuxi	51,829	428
Ma'anshan	47,484	427
Tongling	51,406	386
Huaibei	59,980	383
Bozhou	30,494	222
Suzhou (宿州)	23,671	205
Wuhu	14,476	182
Zhoushan	8,555	116
Bengbu	11,056	71
Huainan	1,581	19
Central and Western China Area		
Changsha	280,407	3,075
Kunming	200,202	1,641
Wuhan	95,123	1,394
Chengdu	138,396	1,226
Zhaotong	136,341	1,074
Chongqing	98,012	1,013
Guiyang	96,187	791
Zhengzhou	81,971	738
Datong	116,099	676
Xiangyang	73,894	663
Zunyi	93,747	626
Deyang	81,804	574
Jingzhou	53,224	477
Yinchuan	62,123	455

City/Region	Contracted GFA sold *(sq.m.)*	Contracted sales *(RMB million)*
Nanning	39,746	448
Baoji	46,678	313
Guilin	54,566	300
Huangshi	38,160	265
Xiaogan	38,230	251
Guigang	34,021	224
Suizhou	29,645	207
Xuchang	31,259	201
Neijiang	21,217	195
Beihai	17,590	175
Baoshan	19,922	158
Jiujiang	16,506	152
Xiangtan	23,913	151
Taiyuan	12,416	141
Xi'an	8,464	137
Nanchang	8,112	136
Pingxiang	16,569	135
Zhuzhou	15,627	120
Qinzhou	18,186	99
Huanggang	13,213	86
Xining	5,092	76
Leshan	15,284	74
Hanzhong	7,701	67
Meishan	3,511	45
Ya'an	6,953	44
Shangrao	6,091	42
Ezhou	2,444	21
Yan'an	594	3
Bohai Rim Area		
Beijing	117,650	6,705
Tianjin	273,357	3,771
Tangshan	155,558	2,263
Qingdao	113,286	1,265
Cangzhou	98,179	1,239
Shenyang	123,826	1,035

City/Region	Contracted GFA sold *(sq.m.)*	Contracted sales *(RMB million)*
Baotou	123,698	902
Jining	81,283	835
Jinan	57,202	585
Tai'an	48,748	523
Liaocheng	60,080	362
Rizhao	42,946	326
Dezhou	28,510	205
Langfang	11,228	148
Weifang	30,800	147
Zibo	19,450	135
Weihai	11,149	94
Yantai	5,458	84
Dongying	9,356	70
Linyi	6,672	51
Changchun	1,227	9
Greater Bay Area		
Zhaoqing	91,234	689
Foshan	36,886	608
Huizhou	80,248	595
Dongguan	16,870	354
Shanwei	24,079	134
Jiangmen	7,546	54
Zhongshan	1,615	18
Carparks	1,105,959	4,786
Total	**8,775,294**	**97,521**

As at 30 June 2020, the Group's pre-sold but not delivered properties amounted to approximately RMB405,797 million, with a total GFA of approximately 39,361,180 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 2020, the total land bank of the Group was approximately 137,062,832 sq.m., covering a total of 115 cities. The average acquisition cost of our land bank was approximately RMB2,458 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	Percentage of the Group's total GFA	GFA attributable to the Group's interests	Percentage of GFA attributable to the Group's interests
	(sq.m.)	*(%)*	*(sq.m.)*	*(%)*
Yangtze River Delta Area				
Changzhou	6,061,705	4.42%	2,685,976	3.61%
Suzhou (蘇州)	5,977,451	4.36%	2,675,266	3.59%
Xuzhou	3,724,575	2.72%	2,013,337	2.70%
Yancheng	3,642,475	2.66%	2,352,195	3.16%
Huai'an	3,611,915	2.64%	2,358,677	3.17%
Suqian	3,538,442	2.58%	2,124,874	2.85%
Wenzhou	2,524,667	1.84%	938,616	1.26%
Nantong	2,043,832	1.49%	837,431	1.12%
Huzhou	2,039,461	1.49%	1,127,374	1.51%
Zhenjiang	1,978,629	1.44%	950,511	1.28%
Taizhou (台州)	1,963,789	1.43%	867,298	1.16%
Yangzhou	1,785,096	1.30%	1,184,856	1.59%
Taizhou (泰州)	1,754,276	1.28%	968,410	1.30%
Fuyang	1,561,121	1.14%	800,544	1.07%
Shaoxing	1,461,037	1.07%	585,785	0.79%
Nanjing	1,452,948	1.06%	717,881	0.96%
Hefei	1,414,193	1.03%	841,647	1.13%
Chuzhou	1,326,336	0.97%	854,432	1.15%
Lianyungang	1,306,183	0.95%	812,421	1.09%
Jiaxing	1,193,636	0.87%	606,166	0.81%
Hangzhou	976,228	0.71%	278,692	0.37%
Shanghai	883,615	0.64%	263,965	0.35%
Wuxi	838,093	0.61%	226,400	0.30%
Jinhua	793,779	0.58%	272,663	0.37%
Ningbo	791,016	0.58%	426,253	0.57%
Lu'an	668,519	0.49%	447,682	0.60%

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 *(%)*
Huaibei	647,176	0.47%	432,647	0.58%
Tongling	554,785	0.40%	370,882	0.50%
Bengbu	416,537	0.30%	274,952	0.37%
Suzhou (宿州)	366,122	0.27%	244,758	0.33%
Huainan	303,985	0.22%	203,219	0.27%
Bozhou	226,069	0.16%	73,405	0.10%
Ma'anshan	206,537	0.15%	133,695	0.18%
Wuhu	165,816	0.12%	107,200	0.14%
Zhoushan	56,442	0.04%	12,641	0.02%
Central and Western China Area				
Kunming	4,772,395	3.48%	2,705,891	3.63%
Changsha	3,262,327	2.38%	1,679,669	2.26%
Chongqing	3,092,425	2.26%	1,327,767	1.78%
Chengdu	2,363,690	1.72%	1,028,358	1.38%
Wuhan	2,145,475	1.57%	1,147,297	1.54%
Zhengzhou	1,911,174	1.39%	902,904	1.21%
Xi'an	1,678,980	1.22%	1,066,296	1.43%
Baoshan	1,271,048	0.93%	849,716	1.14%
Qiannan	1,184,979	0.86%	408,050	0.55%
Guiyang	1,076,071	0.79%	644,666	0.87%
Zunyi	1,030,275	0.75%	691,565	0.93%
Guilin	983,343	0.72%	601,411	0.81%
Taiyuan	959,539	0.70%	481,116	0.65%
Xining	929,235	0.68%	621,208	0.83%
Datong	849,875	0.62%	573,835	0.77%
Urumqi	846,327	0.62%	567,668	0.76%
Xiangyang	833,475	0.61%	606,747	0.81%
Zhaotong	816,202	0.60%	597,060	0.80%
Jingzhou	792,847	0.58%	427,938	0.57%
Yuncheng	782,567	0.57%	523,158	0.70%
Anyang	774,070	0.56%	517,478	0.69%
Liupanshui	750,370	0.55%	503,306	0.68%
Xiaogan	729,850	0.53%	290,392	0.39%

City/Region	Total GFA	Percentage of the Group's total GFA	GFA attributable to the Group's interests	Percentage of GFA attributable to the Group's interests
	(sq.m.)	*(%)*	*(sq.m.)*	*(%)*
Xiangtan	719,600	0.53%	480,480	0.65%
Xuchang	714,105	0.52%	272,188	0.37%
Suizhou	691,437	0.50%	505,793	0.68%
Ankang	676,755	0.49%	453,929	0.61%
Guigang	642,080	0.47%	429,241	0.58%
Yinchuan	610,168	0.45%	411,985	0.55%
Baoji	599,129	0.44%	400,527	0.54%
Nanning	598,346	0.44%	339,421	0.46%
Neijiang	551,364	0.40%	368,595	0.49%
Deyang	525,413	0.38%	351,247	0.47%
Beihai	522,641	0.38%	349,394	0.47%
Yan'an	491,118	0.36%	328,320	0.44%
Huangshi	488,371	0.36%	215,168	0.29%
Hanzhong	487,157	0.36%	325,672	0.44%
Qinzhou	468,648	0.34%	313,299	0.42%
Lanzhou	418,219	0.31%	279,586	0.38%
Ya'an	279,501	0.20%	116,836	0.16%
Shangrao	276,876	0.20%	185,096	0.25%
Zhuzhou	267,302	0.20%	89,248	0.12%
Jiujiang	251,243	0.18%	100,783	0.14%
Leshan	230,709	0.17%	148,360	0.20%
Meishan	191,539	0.14%	80,752	0.11%
Luohe	189,717	0.14%	121,999	0.16%
Huanggang	176,375	0.13%	37,430	0.05%
Nanchang	135,416	0.10%	71,638	0.10%
Ezhou	112,601	0.08%	72,409	0.10%
Pingxiang	103,336	0.08%	35,235	0.05%
Bohai Rim Area				
Tianjin	4,955,928	3.62%	2,636,667	3.54%
Qingdao	3,803,068	2.77%	1,368,964	1.84%
Tai'an	2,574,281	1.88%	1,558,470	2.09%
Baotou	1,370,913	1.00%	919,531	1.23%
Jinan	1,269,958	0.93%	661,365	0.89%

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 *(%)*
Beijing	1,237,318	0.90%	320,818	0.43%
Tangshan	1,188,527	0.87%	637,976	0.86%
Shenyang	1,081,696	0.79%	723,130	0.97%
Weifang	1,061,726	0.77%	685,694	0.92%
Dezhou	954,068	0.70%	637,809	0.86%
Cangzhou	950,347	0.69%	666,773	0.90%
Binzhou	726,963	0.53%	486,919	0.65%
Zibo	673,941	0.49%	367,971	0.49%
Jining	596,862	0.44%	401,107	0.54%
Changchun	529,077	0.39%	350,159	0.47%
Liaocheng	389,850	0.28%	270,546	0.36%
Rizhao	374,426	0.27%	172,600	0.23%
Linyi	277,012	0.20%	185,748	0.25%
Weihai	234,999	0.17%	110,975	0.15%
Yantai	231,022	0.17%	125,641	0.17%
Langfang	220,956	0.16%	111,818	0.15%
Shijiazhuang	186,789	0.14%	83,491	0.11%
Dongying	96,798	0.07%	42,450	0.06%
Greater Bay Area				
Huizhou	2,082,763	1.52%	1,007,654	1.35%
Shanwei	1,039,812	0.76%	702,081	0.94%
Zhaoqing	990,285	0.72%	697,617	0.94%
Foshan	605,815	0.44%	333,360	0.45%
Jiangmen	311,724	0.23%	209,835	0.28%
Zhongshan	254,042	0.19%	74,993	0.10%
Dongguan	200,423	0.15%	117,722	0.16%
Other completed projects	3,079,259	2.25%	2,079,116	2.79%
Total	**137,062,832**	**100.00%**	**74,469,878**	**100.00%**

In the first half of 2020, the Group acquired a total of 56 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 19,077,840 sq.m., with an average cost of newly acquired land of RMB2,868 per sq.m.

Table 3: Land acquisitions in the first half of 2020

City	Name of Land Parcel	Land use	Proportion of interest	Site area *(sq.m.)*	Total GFA *(sq.m.)*	Total land premium *(RMB million)*
Beijing	Land Parcel B1_05_(2) in Xihongmen Township, Daxing District, Beijing City Millennium Park Project	Residential	67.52%	35,978	119,405	2,940.00
Shanghai	Seazen Millennium Park Project	Residential	67.52%	39,755	108,199	1,345.00
Tianjin	Project 015, 017 in Dazhangzhuang	Residential	26.49%	39,737	192,847	535.60
	Land Parcel No. 19 in Airport Economic Zone, Binhai New District	Residential	34.10%	66,750	239,790	1,920.00
	Seazen•Xiyue Xitang	Residential	66.85%	78,099	181,158	1,313.20
Suzhou	Land Parcel No. 2020_WG_4 in Weitang	Residential	22.26%	52,279	183,145	1,452.05
	Garden Seal	Residential	13.76%	63,066	213,442	2,436.08
	Land Parcel No. 14 in Shengpu, Suzhou Park	Residential	34.40%	58,082	166,700	2,090.95
	Land Parcel No. 15 in Shengpu, Suzhou Park	Residential	34.40%	31,768	91,351	1,166.67
	Feili Paradiso Pavilion	Residential	67.07%	57,334	180,438	1,001.22
	Xinlongwan North Land Parcel Project	Residential	53.96%	65,675	183,344	788.11
Hangzhou	Land Parcel No. 19 in Linping, Yuhang District, Hangzhou	Residential	10.11%	57,135	179,830	2,285.46
Changsha	Land Parcel No. 021 in Changsha County	Residential	66.77%	66,453	264,286	498.40
Xi'an	72 Mu Project in Yanta West Avenue	Residential	47.15%	36,720	173,425	1,117.03
Kunming	Kunming Seazen Heyue	Residential	67.52%	71,146	172,108	568.90
Nanchang	41 Mu Land Parcel in Economic Development Zone	Residential	66.85%	27,441	64,768	282.78
Nanning	Seazen Heyuefu	Residential	67.52%	35,308	135,574	516.38
	Seazen•Mingyu Park	Residential	67.52%	13,675	61,949	248.94
Zhengzhou	Seazen•Yuejun Mansion	Residential	64.31%	88,102	127,437	171.60
Urumqi	Urumqi Midong Wuyue Plaza	Commercial	67.07%	320,343	846,327	1,051.00
Xining	Xining Chengbei Wuyue Plaza	Commercial	66.85%	144,524	578,143	1,734.32
Shijiazhuang	Zhengding Jinshi Chemical Project	Residential	44.70%	70,537	186,789	696.00
Jinan	Seazen Shiguang Yinxiang Project	Residential	66.85%	12,449	43,597	504.14
Lanzhou	Lanzhou Wuyue Plaza	Commercial	66.85%	81,229	418,219	1,005.90
Guiyang	Guiyang Economic Development Zone Wuyue Plaza	Commercial	66.85%	94,971	305,645	570.58
Changzhou	Shangjun Tianjiao Garden	Residential	38.79%	56,966	156,558	683.59
	Cotton and Linen Plant Land Parcel in Tianning	Residential	47.39%	46,057	143,940	1,715.00
	Huijuan Garden	Residential	25.86%	60,515	174,205	694.00

City	Name of Land Parcel	Land use	Proportion of interest	Site area (sq.m.)	Total GFA (sq.m.)	Total land premium (RMB million)
Wenzhou	Seazen•Oujiang Bay	Residential	61.38%	132,688	426,720	1,660.00
	Future Community	Commercial	66.85%	76,485	372,890	2,864.00
Taizhou	Land Parcel TL040334 in Wenling Railway New District	Residential	36.83%	104,530	317,711	1,455.00
	Land Parcel No. 37 at Jiaojiang Cluster District	Residential	67.52%	41,844	125,006	822.00
Tai'an	Seazen•Wuyue Capital	Residential	66.85%	65,000	177,555	402.74
	Tai'an Xintai Wuyue Plaza	Commercial	67.20%	250,160	708,087	753.53
	Tai'an Feicheng Wuyue Plaza	Commercial	66.85%	320,990	765,149	741.58
Wuxi	Jinjie North Land Parcel	Residential	64.65%	75,699	211,037	2,037.80
Jiaxing	Land Parcel No. 2018_32 at Luoxing, Jiashan	Residential	33.47%	52,385	176,799	927.74
Jiangmen	Seazen Bofu Linghui International	Residential	64.31%	79,444	173,389	763.04
Jinhua	Land Parcel Project located to the south of Danxi Avenue, Lanxi He Village	Residential	40.51%	69,998	191,594	665.68
Lianyungang	Land Parcel No. 2019_24 at Donghai	Residential	31.84%	60,678	176,931	443.98
Luohe	Xihe Celestial Mansion	Residential	64.31%	88,102	189,717	456.76
Nantong	Future Glory	Residential	67.07%	76,482	261,094	923.90
Qiannan	Seazen Longyuefu	Residential	34.44%	539,899	1,184,979	1,053.77
Suqian	Suqian Siyang Wuyue Plaza	Commercial	66.85%	172,441	810,790	551.14
	Suqian Sihong Wuyue Plaza	Commercial	66.85%	280,409	931,982	704.88
Huai'an	Huai'an Xuyi Wuyue Plaza	Commercial	66.85%	316,293	956,460	334.95
Xuzhou	Gulou Yingyue	Residential	31.84%	54,171	116,261	666.00
	Seazen•Yunjing	Residential	63.67%	14,866	33,064	168.70
Yancheng	Jinyuefu	Residential	26.98%	77,818	246,959	482.31
Yuncheng	Yuncheng Wuyue Plaza	Commercial	66.85%	207,791	782,567	695.85
Zibo	Zibo Wuyue Plaza	Commercial	66.85%	89,645	262,195	347.02
Ankang	Ankang Wuyue Plaza	Commercial	67.07%	187,958	676,755	516.00
Anyang	Anyang Wuyue Plaza	Commercial	66.85%	245,781	774,070	1,052.22
Baotou	Baotou Kunbei Wuyue Plaza	Commercial	67.07%	48,476	137,452	299.66
Baoshan	Baoshan Wuyue Plaza	Commercial	66.85%	344,467	1,271,048	1,043.75
Binzhou	Binzhou Wuyue Plaza	Commercial	66.98%	201,480	726,963	545.00

Property Investment

The Group recorded rental and management fee income from investment properties of approximately RMB2,150 million for the six months ended 30 June 2020, representing a period-on-period increase of 22.0%.

Table 4: Breakdown of rental and management fee income from investment properties of the Group in the first half of 2020

Rental and management fee income	Occupancy rate	**First half of 2020** ***RMB'000***	First half of 2019 *RMB'000*	Opening date
Changzhou Wujin Wuyue Plaza	97.41%	**87,791.13**	102,908.13	April 2012
Changzhou Wuyue International Plaza	95.18%	**60,299.90**	74,996.32	December 2012
Shanghai Qingpu Wuyue Plaza	90.40%	**42,139.86**	70,798.72	December 2014
Suzhou Wujiang Wuyue Plaza	95.69%	**29,811.82**	36,711.09	June 2015
Suzhou Zhangjiagang Wuyue Plaza	96.25%	**30,112.95**	37,582.63	September 2015
Zhenjiang Danyang Wuyue Plaza	96.56%	**43,423.75**	49,471.82	December 2015
Haikou Wuyue Plaza	97.93%	**47,497.20**	52,886.55	October 2016
Nanchang Wuyue Plaza	95.05%	**26,031.72**	37,179.74	November 2016
Changzhou Jintan Wuyue Plaza	96.48%	**39,503.24**	44,085.37	December 2016
Anqing Wuyue Plaza	99.20%	**37,794.54**	36,278.00	December 2016
Chengdu Wuyue Plaza	99.13%	**38,421.22**	43,573.79	December 2016
Jiaxing Tongxiang Wuyue Plaza	97.76%	**47,513.36**	49,840.96	May 2017
Quzhou Wuyue Plaza	96.77%	**32,237.68**	37,255.19	June 2017
Changchun Wuyue Plaza	96.81%	**38,942.01**	45,378.73	July 2017
Zhenjiang Wuyue Plaza	96.08%	**36,382.06**	45,102.19	August 2017
Qingdao Wuyue Plaza	97.37%	**42,295.67**	54,354.09	September 2017
Shaoxing Shengzhou Wuyue Plaza	98.97%	**38,052.82**	39,466.33	October 2017
Nantong Rugao Wuyue Plaza	100.00%	**37,792.96**	38,418.57	November 2017
Ningbo Wuyue Plaza	97.48%	**27,902.34**	32,256.59	November 2017
Nanjing Wuyue Plaza	91.47%	**24,731.82**	31,422.93	December 2017
Chengdu Wuhou Wuyue Plaza	89.65%	**19,716.51**	25,704.10	December 2017
Quanzhou Jinjiang Wuyue Plaza	94.08%	**24,940.50**	29,541.85	December 2017
Weinan Wuyue Plaza	92.91%	**19,556.84**	18,020.03	May 2018
Wenzhou Rui'an Wuyue Plaza	100.00%	**52,498.54**	59,224.48	July 2018
Jinhua Yiwu Wuyue Plaza	100.00%	**42,912.88**	42,009.88	July 2018
Huainan Wuyue Plaza	96.97%	**31,247.23**	30,647.93	August 2018
Taizhou Huangyan Wuyue Plaza	100.00%	**36,017.85**	38,438.70	September 2018
Jiaxing Pinghu Wuyue Plaza	100.00%	**35,077.89**	32,045.50	September 2018
Suzhou Kunshan Wuyue Plaza	99.06%	**28,268.27**	29,257.38	September 2018
Yangzhou Wuyue Plaza	97.63%	**30,607.07**	35,056.45	September 2018
Nanchang New District Wuyue Plaza	85.40%	**18,394.45**	30,207.02	November 2018
Kunming Wuyue Plaza	90.90%	**27,798.55**	37,590.28	November 2018
Taizhou Taixing Wuyue Plaza	96.14%	**34,563.58**	38,075.11	November 2018
Changsha Wuyue Plaza	99.64%	**44,229.32**	47,277.98	November 2018
Nanning Wuyue Plaza	92.31%	**24,649.48**	32,913.24	December 2018
Zhenjiang Jurong Wuyue Plaza	93.96%	**21,366.79**	35,228.60	December 2018

Rental and management fee income	Occupancy rate	**First half of 2020**	First half of 2019	Opening date
		RMB'000	*RMB'000*	
Linyi Wuyue Plaza	95.11%	**30,686.74**	37,472.34	December 2018
Taizhou Yuhuan Wuyue Plaza	92.20%	**34,445.14**	39,346.91	December 2018
Nantong Qidong Wuyue Plaza	99.54%	**28,541.32**	35,119.52	December 2018
Taizhou Xianju Plaza	88.65%	**23,619.24**	32,314.53	December 2018
Ningbo Cixi Wuyue Plaza	90.94%	**31,622.21**	45,486.12	December 2018
Shangrao Wuyue Plaza	94.17%	**28,670.30**	5,015.66	June 2019
Hefei Wuyue Plaza	97.79%	**38,059.71**	4,638.22	June 2019
Huai'an Wuyue Plaza	98.34%	**33,830.96**	–	July 2019
Qinzhou Wuyue Plaza	92.16%	**25,944.94**	–	July 2019
Xi'an Xixian Wuyue Plaza	95.23%	**50,896.59**	–	September 2019
Yan'an Wuyue Plaza	96.32%	**19,966.25**	–	September 2019
Lianyungang Ganyu Wuyue Plaza	96.58%	**31,306.58**	–	September 2019
Changzhou Tianning Wuyue Plaza	97.01%	**55,755.15**	–	October 2019
Baoji Wuyue Plaza	94.61%	**32,564.52**	–	October 2019
Yangzhou Baoying Wuyue Plaza	97.80%	**27,248.89**	–	October 2019
Tianjin Jinnan Wuyue Plaza	98.16%	**40,350.11**	–	November 2019
Huaibei Wuyue Plaza	95.67%	**17,147.50**	–	November 2019
Hanzhong Wuyue Plaza	99.26%	**34,887.57**	–	November 2019
Guilin Wuyue Plaza	96.70%	**18,654.51**	–	November 2019
Lianyungang Haizhou Wuyue Plaza	99.61%	**32,715.20**	–	December 2019
Changzhou Liyang Wuyue Plaza	96.69%	**26,743.25**	–	December 2019
Yancheng Wuyue Plaza	100.00%	**23,824.71**	–	December 2019
Yangzhou Gaoyou Wuyue Plaza	96.87%	**31,676.18**	–	December 2019
Bengbu Wuyue Plaza	96.79%	**31,547.48**	–	December 2019
Suzhou Wuyue Plaza	97.80%	**32,810.36**	–	December 2019
Changsha High-speed Rail Wuyue Plaza	91.86%	**30,891.98**	–	December 2019
Harbin Wuyue Plaza	92.58%	**16,858.00**	–	January 2020
Shanghai Seazen Holdings Tower B	98.88%	**17,877.42**	20,597.82	January 2016

Notes:

1. Qingdao Wuyue Plaza, Chengdu Wuhou Wuyue Plaza, Weinan Wuyue Plaza, Hefei Wuyue Plaza and Harbin Wuyue Plaza are commercial light-asset projects. The rental income amounted to RMB136,486,732 (rental income attributable to the Company was RMB112,684,789);

2. Rental and management income includes rental and management fees from self-held businesses as well as income from carparks, various operations and other miscellaneous management fees; and

3. From 25 January 2020, a 50% rental reduction policy that lasts for 67 days has been implemented for all tenants of Wuyue Plazas that are held and operated by the Company. Meanwhile, during the period from 1 April to 31 May 2020, the Company implemented a 50% rental reduction supportive policy for related tenants of the movie theatre, education and training, fitness centre, KTV and other businesses that have delayed opening due to the restrictive measures imposed during the epidemic. For light-asset projects under entrusted operation, the same policies apply subject to the agreement of the Company and the business owners.

Property Delivery and Revenue from Sale of Properties

In the first half of 2020, the revenue of the Group's property development business was approximately RMB34,447.0 million. Properties with a total GFA of approximately 3,297,204.0 sq.m. were delivered. The average selling price of properties delivered and recognized as sales was approximately RMB10,447.3 per sq.m., representing a period-on-period increase of 10.9%.

Table 5: Breakdown of property development revenue by projects in the first half of 2020

The following table sets forth the revenue information relating to the properties the Group delivered for sale during the first half of 2020:

Project	**City**	**Revenue** *(RMB million)*	**GFA** *(sq.m.)*	**Average selling price** *(RMB/ sq.m.)*
Nanjing Yuefeng	Nanjing	3,519.1	136,174	25,843
Suzhou MOC Xinchenghui	Suzhou	2,934.2	161,995	18,113
Changzhou Taoli Garden	Changzhou	2,644.7	196,250	13,476
Taizhou Xianju Wuyue Plaza	Taizhou (台州)	2,513.6	204,301	12,303
Qidong Diehu Shijiewan	Nantong	2,170.2	175,233	12,385
Taizhou Yuhuan Wuyue Plaza	Taizhou (台州)	1,740.8	173,202	10,050
Chongqing Langjun Daduhui	Chongqing	1,083.7	73,221	14,800
Yancheng Yuejun Shidai	Yancheng	1,079.7	125,919	8,575
Jurong Yuefu	Zhenjiang	1,072.7	105,318	10,186
Changzhou Seazen Legend Mansion	Changzhou	818.8	63,633	12,868
Tianjin Dagang Gangdongfu	Tianjin	782.2	83,825	9,331
Taizhou Rongyue	Taizhou (泰州)	756.6	51,101	14,807
Chongqing Jinyuefu	Chongqing	721.2	85,646	8,421
Suqian Shuimuqinghua	Suqian	719.8	82,197	8,757
Suqian Lakeview Garden	Suqian	654.9	104,440	6,271
Huzhou Nanxun Haishangfenghua	Huzhou	642.3	84,867	7,569
Tianjin Jinnan Wuyue Plaza	Tianjin	614.5	45,117	13,620
Changsha International Metropolis	Changsha	573.9	70,888	8,096
Hanzhong Wuyue Plaza	Hanzhong	538.3	72,637	7,411
Huangshi Seazen Langjun	Huangshi	520.6	75,960	6,854
Qingdao Seazen Xiyue	Qingdao	499.9	48,818	10,241
Sanshui Jinghui Haoyuan	Foshan	497.8	38,728	12,854
Xiaogan Seazen•Jingyuefu	Xiaogan	483.8	68,941	7,018
Huainan Wuyue Plaza	Huainan	426.7	72,004	5,926
Qihe Seazen Xiyue	Dezhou	377.9	35,271	10,714
Changfeng Yuejun Jiuli	Hefei	372.4	32,915	11,315
Wuhan Tingrui Junyue Guanlan	Wuhan	370.0	28,323	13,063

Project	City	Revenue	GFA	Average selling price
		(RMB million)	*(sq.m.)*	*(RMB/ sq.m.)*
Xiaogan Seazen Xiyue	Xiaogan	364.1	54,029	6,739
Lianyungang Haizhou Wuyue Plaza	Lianyungang	348.1	14,641	23,780
Jinhua Yunyu	Jinhua	323.3	50,875	6,355
Nanjing Puyue Heshan	Nanjing	295.5	23,565	12,542
Huaibei Duji Wuyue Plaza	Huaibei	289.1	45,281	6,385
Changsha Yuhua Wuyue Plaza	Changsha	267.4	16,441	16,263
Pinghu Seazen Yuejun	Jiaxing	262.3	26,093	10,052
Zhenjiang Yuejun Wuyuefang	Zhenjiang	238.7	46,088	5,180
Taizhou Huangyan Wuyue Plaza	Taizhou	220.2	16,290	13,520
Chingbaijiang Vanke Seazen Time Glory	Chengdu	211.4	39,012	5,420
Others		2,496.6	467,965	5,334
Total		**34,447.0**	**3,297,204**	**10,447**

Financial Review

Revenue

For the first half of 2020, the Group's revenue amounted to approximately RMB37,905.2 million, representing a period-on-period increase of 116.0%. The amount of revenue of each significant category is as follows:

	Six months ended 30 June	
	2020	2019
	RMB million	*RMB million*
Revenue from sale of properties	**34,447.0**	14,483.7
Revenue from commercial property management services	**891.8**	653.7
Rental income	**1,236.4**	1,004.9
Other income	**1,330.0**	1,410.0
	37,905.2	17,552.3

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 2020 were approximately RMB588.3 million.

Gross Profit

For the six months ended 30 June 2020, the gross profit of the Group was approximately RMB8,753.7 million, representing a period-on-period increase of 40.2%. 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 2020, the selling and marketing expenses of the Group increased to approximately RMB1,922.3 million from approximately RMB977.7 million for the same period in 2019, 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 advertising and publicity costs resulted from the enhancement in marketing and promotion.

Administrative Expenses

For the six months ended 30 June 2020, the administrative expenses of the Group increased to approximately RMB2,230.1 million from approximately RMB1,362.1 million for the same period in 2019, which was mainly due to changes in the employee structure and the level of remuneration during the Reporting Period.

Other Gains – Net

For the six months ended 30 June 2020, the net other gains of the Group were approximately RMB27.9 million, which mainly came from government subsidies.

Finance Costs – Net

For the six months ended 30 June 2020, net finance costs of the Group increased by 35.9% to approximately RMB653.0 million from approximately RMB480.4 million for the same period in 2019 primarily because of the increase in borrowing costs.

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 2020 were approximately RMB1,171.3 million and approximately RMB1,198.7 million, respectively.

Financial Resources and Liquidity Ratios

As at 30 June 2020, the Group had cash at bank and on hand (including restricted cash) of approximately RMB66,095.7 million (as at 31 December 2019: approximately RMB65,574.0 million), and current and non-current borrowings of approximately RMB100,080.8 million (as at 31 December 2019: approximately RMB87,846.9 million). The maturity grouping of borrowings based on the remaining period as at 30 June 2020 and 31 December 2019, respectively, to the maturity date is as follows:

Repayment terms	**30 June 2020** *RMB million*	31 December 2019 *RMB million*
Within 1 year	**45,048.6**	40,849.0
Over 1 year but within 2 years	**35,730.0**	31,100.3
Over 2 years but within 5 years	**17,122.8**	15,480.2
Over 5 years	**2,179.4**	417.4
	100,080.8	87,846.9

As at 30 June 2020, the Group's net debt-to-equity ratio was 55.1% (as at 31 December 2019: 38.5%). 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 net debt-to-equity ratio of the Group increased primarily due to the increase in net debt resulted from the increase in financing.

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 2020, 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 RMB96,314.9 million (as at 31 December 2019: approximately RMB67,426.5 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 2020. The Directors considered that the subsidiaries have sufficient financial resources to settle their obligations.

As at 30 June 2020, the Group provided guarantees with the amount of RMB18,003.7 million (as at 31 December 2019: RMB19,299.6 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 2020.

Foreign Exchange Risks

As at 30 June 2020 and 31 December 2019, the cash balances held by the Group are as follows:

Cash balances	**30 June 2020** *RMB million*	31 December 2019 *RMB million*
Dominated in RMB	**62,697.0**	62,263.2
Denominated in HKD	**79.6**	15.2
Denominated in USD	**3,319.1**	3,295.6
	66,095.7	65,574.0

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 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 foreign exchange risks and have adopted forward foreign exchange contracts to cover part of the exchange rate exposure.

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 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 2020 (for the six months ended 30 June 2019: nil).

Employees and Compensation Policy

As at 30 June 2020, the Group had 28,176 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 an expense in relation to share-based payments of approximately RMB92.5 million for the Reporting Period (for the six months ended 30 June 2019: approximately RMB5.5 million).

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

During the six months ended 30 June 2020, 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

Placing of new shares under general mandate

The Company has conducted a fund raising activity by way of placing of new shares under general mandate of 311,000,000 shares (the "**Placing Shares**") at a price of HK$8.78 per share (the "**Placing**"). The Placing was completed on 21 January 2020. The Placing Shares, representing approximately 5.01% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, have been successfully placed to not less than six placees pursuant to the terms and conditions of the placing agreement dated 14 January 2020. The Company's issued share capital was increased from 5,899,000,000 shares to 6,210,000,000 shares after the Placing.

The net proceeds from the Placing, after deduction of related costs and expenses to be borne by the Company, amounted to approximately HK$2,711 million, will be used for the Company's long term business development and as general working capital of the Group. As of the date of this announcement, the net proceeds are fully used in accordance with the disclosure made.

Further details of the placing of new Shares under general mandate are set out in the announcements of the Company dated 14 January 2020 and 21 January 2020, the circular of the Company dated 27 March 2019 and have been set out in the Company's 2019 Annual Report.

Redemption and Issuance of Senior Notes

On 16 February 2020, the Company has fully redeemed the 5% senior bonds at maturity of the principal amount of US$350 million together with all accrued interests thereon. Details of the redemption are set out in the announcement of the Company dated 16 February 2020.

On 4 June 2020, the Company has issued 6.45% senior notes in the aggregate principal amount of US$400 million which will mature on 11 June 2022. Details of the issuance are set out in the announcement of the Company dated 5 June 2020.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

Issuance of Senior Notes

On 5 August 2020, the Company has issued 6.0% senior notes in the aggregate principal amount of US$250 million which will mature on 12 August 2024. Details of the issuance are set out in the announcement of the Company dated 6 August 2020.

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 2019 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 2020. 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 2020.

PUBLICATION OF THE INTERIM RESULTS AND 2020 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 2020 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, 21 August 2020

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.*