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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS HIGHLIGHTS

- Contracted sales* were approximately RMB116,049 million;
- Commercial operating income** was approximately RMB10,006 million, representing a year-on-year increase of 15.8%;
- Revenue was approximately RMB116,540.6 million;
- Net profit attributable to equity holders of the Company was approximately RMB280.7 million;
- Core earnings*** attributable to equity holders of the Company was approximately RMB185.4 million;
- The net debt-to-equity ratio was 49.9%, and cash on hand was approximately RMB32.45 billion;
- The weighted average interest rate of bank borrowings, senior notes and corporate bonds etc. was 6.45%; and
- The contracted amount of pre-sold but not recognized properties was approximately RMB262,158 million, subject to further recognition.

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

The board (the “**Board**”) of directors (the “**Directors**”) of Seazen Group Limited (the “**Company**” or “**Seazen**”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2022 (the “**Reporting Period**”) together with the comparative figures for the year ended 31 December 2021 as follows:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	31 December 2022 RMB'000	31 December 2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		7,987,902	7,760,287
Right-of-use assets		1,475,120	1,014,620
Investment properties		113,262,575	103,948,422
Intangible assets		366,147	428,221
Investments in associates		12,832,996	13,978,986
Investments in joint ventures		12,958,270	13,144,774
Deferred income tax assets		7,640,630	6,277,187
Financial assets at fair value through profit or loss		359,942	362,865
Financial assets at amortised costs		219,687	294,879
Goodwill		777	10,260
Trade and other receivables and prepayments	4	630	576
Total non-current assets		157,104,676	147,221,077
Current assets			
Prepayments for leasehold land		2,498,583	3,686,009
Properties held or under development for sale		204,412,729	250,383,115
Trade and other receivables and prepayments	4	61,516,856	77,126,030
Contract costs		3,789,212	3,800,297
Financial assets at fair value through other comprehensive income		641,455	743,746
Financial assets at fair value through profit or loss		545,199	1,028,965
Financial assets at amortised costs		511,917	466,313
Restricted cash		10,017,870	9,048,650
Cash and cash equivalents		22,435,399	46,604,698
Total current assets		306,369,220	392,887,823
Total assets		463,473,896	540,108,900

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

As at 31 December 2022

	<i>Note</i>	31 December 2022 RMB'000	31 December 2021 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital: nominal value	5	5,822	5,081
Reserves		<u>44,747,790</u>	<u>42,154,256</u>
		<u>44,753,612</u>	<u>42,159,337</u>
Non-controlling interests		<u>48,260,729</u>	<u>55,259,999</u>
Total equity		<u>93,014,341</u>	<u>97,419,336</u>
LIABILITIES			
Non-current liabilities			
Borrowings	6	43,874,405	66,046,959
Lease liabilities		599,709	623,072
Deferred income tax liabilities		<u>7,712,480</u>	<u>6,627,205</u>
Total non-current liabilities		<u>52,186,594</u>	<u>73,297,236</u>
Current liabilities			
Trade and other payables	7	106,949,413	123,744,212
Advances from lessees		861,548	1,179,045
Contract liabilities		164,832,371	193,284,614
Current income tax liabilities		9,886,047	12,928,382
Borrowings	6	35,663,149	38,169,140
Lease liabilities		<u>80,433</u>	<u>86,935</u>
Total current liabilities		<u>318,272,961</u>	<u>369,392,328</u>
Total liabilities		<u>370,459,555</u>	<u>442,689,564</u>
Total equity and liabilities		<u>463,473,896</u>	<u>540,108,900</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

		Year ended 31 December	
	Note	2022	2021
		RMB'000	RMB'000
Revenue	8	116,540,630	169,537,320
Cost of sales and services	9	(100,601,822)	(141,179,599)
Gross profit		15,938,808	28,357,721
Fair value gains on investment properties		1,455,337	2,792,459
Fair value losses on financial instruments at fair value through profit or loss		(170,718)	(38,986)
Selling and marketing costs	9	(5,558,769)	(5,937,355)
Administrative expenses	9	(5,194,244)	(5,149,331)
Net impairment losses on financial assets		(424,109)	(466,373)
Other income		336,826	435,246
Other expenses		(18,702)	(61,270)
Other (loss)/gains – net		(284,217)	235,371
Operating profit		6,080,212	20,167,482
Finance income	10	388,005	438,688
Finance costs	10	(3,777,877)	(1,281,259)
Finance costs – net	10	(3,389,872)	(842,571)
Share of results of associates		383,508	680,703
Share of results of joint ventures		620,658	1,391,515
Profit before income tax		3,694,506	21,397,129
Income tax expense	11	(2,951,802)	(8,036,135)
Profit for the year		742,704	13,360,994
Profit for the year attributable to:			
– Equity holders of the Company		280,673	8,590,624
– Non-controlling interests		462,031	4,770,370
		742,704	13,360,994
Earnings per share for profit attributable to equity holders of the Company			
– Basic earnings per share	12	RMB0.04	RMB1.39
– Diluted earnings per share	12	RMB0.04	RMB1.38

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	742,704	13,360,994
Other comprehensive (loss)/income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
– Currency translation differences	(594,136)	515,540
– Changes in fair value of debt instruments at fair value through other comprehensive income	(29,066)	(69,791)
<i>Items that will not be reclassified subsequently to profit or loss</i>		
– Currency translation differences attributable to non-controlling interests	(287,391)	258,625
– Share of other comprehensive income of an associate accounted for using the equity method	(3,688)	(3,956)
– Changes in fair value of debt instruments at fair value through other comprehensive income attributable to non-controlling interests	(12,457)	(46,528)
– Changes in fair value of equity investments at fair value through other comprehensive income	90,821	(5,179)
Other comprehensive (loss)/income for the year, net of tax	(835,917)	648,711
Total comprehensive (loss)/income for the year	(93,213)	14,009,705
Total comprehensive (loss)/income for the year attributable to:		
– Equity holders of the Company	(278,181)	9,029,305
– Non-controlling interests	184,968	4,980,400
	(93,213)	14,009,705

NOTES:

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 (“**Wealth Zone Hong Kong**”) 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**”).

To prepare for the initial listing of the Company’s shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Group has undertaken a reorganisation (the “**Reorganisation**”) pursuant to which the Company became the holding company of the subsidiaries comprising the Group.

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

The consolidated financial statements are presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated.

The annual results set out in this announcement have been extracted from the Group’s consolidated financial statements for the year ended 31 December 2022 but do not constitute those financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

(i) *Compliance with HKFRS and HKCO*

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRS) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) *Historical cost convention*

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and investment properties, which are carried at fair value.

(iii) *Going concern basis*

Due to the slow-down of the Mainland China property market, the Group’s pre-sales volume and collection of pre-sale proceeds decreased in the year ended 31 December 2022. The Group’s net profit decreased from RMB13,360,994,000 for the year ended 31 December 2021 to RMB742,704,000 for the year ended 31 December 2022. As at 31 December 2022, the Group’s current liabilities exceeded its current assets by RMB11,903,741,000. These events and conditions might impose temporary liquidity pressure to the Group.

In view of these circumstances, the Group takes/will take the following measures to reduce the liquidity pressure, including:

- (i) Actively improving sales and pre-sale activities to increase sales and pre-sale volume and enhance collection of sales and pre-sales proceeds;
- (ii) Maintaining continuous communication with the major constructors and suppliers and properly arranging project construction payments to keep the constructions of in-development property projects proceeding as scheduled;
- (iii) Continuously complying with financial covenants and other terms and conditions of the borrowings, timely repaying principle and interests to avoid any default of borrowings, and
- (iv) Continuously communicating with relevant banks and other financial institutions to secure borrowings for property development and operation as needed, and explore other direct and indirect financing for the Group.

The Group has prepared cash flow forecast for a period of 12 months from 31 December 2022. The cash flow forecast has taken into accounts the anticipated cash flows generated from the Group's operations, scheduled repayment of borrowings, and obtaining of new borrowings of the Group.

The directors, after making due enquiries and considering the basis of the projections and continuous measures described above, believe that, the Group will be able to generate sufficient funds to finance its operations and to meet its financial obligations when they fall due within the next 12 months from 31 December 2022. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

(iv) *New standard, amendments and interpretation adopted by the Group in 2022*

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to HKAS 16,
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to HKAS 37,
- Annual Improvements to HKFRS Standards 2018-2020,
- Reference to the Conceptual Framework – Amendments to HKFRS 3,
- Covid-19 Related Rent Concessions beyond 30 June 2021 – Amendment to HKFRS 16 (March 2021) (the “**HKFRS 16 Amendment (March 2021)**”).

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(v) *New standards and interpretations not yet adopted*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Group.

3 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 has 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. 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.

	Year ended 31 December 2022				
	A share company RMB'000	Non-A share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	115,456,683	1,307,941	116,764,624	(223,994)	116,540,630
– At a point in time	105,354,676	876,844	106,231,520	(3,355)	106,228,165
– Over time	4,919,774	426,175	5,345,949	(121,061)	5,224,888
– Rental income	5,182,233	4,922	5,187,155	(99,578)	5,087,577
Segment profit before income tax expense	4,494,245	(905,785)	3,588,460	106,046	3,694,506
Fair value gains on investment properties	1,062,584	949	1,063,533	391,804	1,455,337
Finance income	355,840	605,913	961,753	(573,748)	388,005
Finance costs	(3,228,718)	(1,122,907)	(4,351,625)	573,748	(3,777,877)
Depreciation and amortisation	(328,346)	(326,688)	(655,034)	–	(655,034)
Share of results of associates	370,691	149,532	520,223	(136,715)	383,508
Share of results of joint ventures	619,761	897	620,658	–	620,658

A reconciliation to profit for the year is as follows:

Total segment profits before income tax expense after elimination	3,694,506
Income tax expense	(2,951,802)
Profit for the year	<u>742,704</u>

	As at 31 December 2022				
	A share company RMB'000	Non-A share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment assets	<u>457,907,015</u>	<u>15,027,137</u>	<u>472,934,152</u>	<u>(9,460,256)</u>	<u>463,473,896</u>
Segment assets include:					
Investments in associates	12,213,995	1,909,687	14,123,682	(1,290,686)*	12,832,996
Investments in joint ventures	12,934,682	23,588	12,958,270	-	12,958,270
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>9,101,588</u>	<u>481,701</u>	<u>9,583,289</u>	<u>-</u>	<u>9,583,289</u>
Segment liabilities	<u>368,446,104</u>	<u>8,551,546</u>	<u>376,997,650</u>	<u>(6,538,095)</u>	<u>370,459,555</u>

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

	Year ended 31 December 2021				
	A share company RMB'000	Non-A share companies RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	168,231,678	1,555,401	169,787,079	(249,759)	169,537,320
– At a point in time	158,549,733	1,049,845	159,599,578	(3,966)	159,595,612
– Over time	5,266,416	503,102	5,769,518	(123,518)	5,646,000
– Rental income	4,415,529	2,454	4,417,983	(122,275)	4,295,708
Segment profit before income tax expense	21,788,561	3,473,937	25,262,498	(3,865,369)*	21,397,129
Fair value gains on investment properties	2,829,379	17,746	2,847,125	(54,666)	2,792,459
Finance income	406,156	688,841	1,094,997	(656,309)	438,688
Finance costs	(1,309,814)	(627,754)	(1,937,568)	656,309	(1,281,259)
Depreciation and amortisation	(381,562)	(483,195)	(864,757)	-	(864,757)
Share of results of associates	670,344	558,921	1,229,265	(548,562)	680,703
Share of results of joint ventures	<u>1,398,988</u>	<u>(7,473)</u>	<u>1,391,515</u>	<u>-</u>	<u>1,391,515</u>

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

A reconciliation to profit for the year is as follows:

Total segment profits before income tax expense after elimination	21,397,129
Income tax expense	<u>(8,036,135)</u>
Profit for the year	<u>13,360,994</u>

	As at 31 December 2021				
	A share company <i>RMB'000</i>	Non-A share companies <i>RMB'000</i>	Total segment <i>RMB'000</i>	Elimination <i>RMB'000</i>	Total Group <i>RMB'000</i>
Segment assets	<u>534,293,114</u>	<u>18,761,045</u>	<u>553,054,159</u>	<u>(12,945,259)</u>	<u>540,108,900</u>
Segment assets include:					
Investments in associates	13,353,316	2,799,927	16,153,243	(2,174,257)*	13,978,986
Investments in joint ventures	13,122,084	22,690	13,144,774	–	13,144,774
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>16,961,850</u>	<u>298,543</u>	<u>17,260,393</u>	<u>–</u>	<u>17,260,393</u>
Segment liabilities	<u>437,169,133</u>	<u>14,465,162</u>	<u>451,634,295</u>	<u>(8,944,731)</u>	<u>442,689,564</u>

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

4 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022 RMB'000	2021 RMB'000
Trade accounts receivables	654,252	784,736
Notes receivables	164,468	26,158
	<u>818,720</u>	<u>810,894</u>
Less: Impairment losses	(15,075)	(14,047)
	<u>803,645</u>	<u>796,847</u>
Trade receivables – net		
Prepayments		
– Prepaid income tax and land appreciate tax	7,051,447	9,063,433
– Prepaid value-added tax and input VAT to be deducted	8,945,059	12,655,126
– Prepaid surcharges and other taxes	430,727	744,205
– Prepayments for construction costs	191,690	266,079
– Others	1,044,955	1,067,346
	<u>17,663,878</u>	<u>23,796,189</u>
Other receivables		
– Receivables from government related bodies	4,919,080	5,202,222
– Due from related parties	12,578,225	16,996,949
– Receivables from joint ventures partners	1,608,945	2,949,026
– Receivables from non-controlling shareholders of subsidiaries	21,567,016	24,329,041
– Receivables from lending to an investee	–	134,620
– Receivables from other deposits	1,087,771	1,031,433
– Others	2,670,695	3,086,824
	<u>44,431,732</u>	<u>53,730,115</u>
Less: Impairment losses	(1,381,769)	(1,196,545)
	<u>43,049,963</u>	<u>52,533,570</u>
Trade and other receivables and prepayments – net	61,517,486	77,126,606
Less: Non-current portion	(630)	(576)
	<u>61,516,856</u>	<u>77,126,030</u>
Current portion		

The ageing of trade account receivables and notes receivables based on invoice date as at 31 December 2022 and 2021 are as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	741,073	727,431
Between 1 and 2 years	71,520	74,561
Between 2 and 3 years	6,127	8,902
	<u>818,720</u>	<u>810,894</u>

The maximum exposure to credit risk at 31 December 2022 and 2021 is the carrying value of each class of receivables mentioned above.

As at 31 December 2022 and 2021, the fair value of trade and other receivables approximate their carrying amounts.

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

5 SHARE CAPITAL

(a) Authorised capital

	Number of authorised shares <i>HKD share</i>
As at 1 January 2021, 31 December 2021, and 31 December 2022 (par at 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>855,715,521</u>	<u>741</u>
Closing balance as at 31 December 2022	<u>7,065,741,521</u>	<u>5,822</u>

- (i) The Company allotted and issued 295,715,521 shares on 27 January 2022, details of which are set out in the announcement of the Company dated 26 January 2022.

The Company allotted and issued 560,000,000 shares on 14 December 2022, details of which are set out in the Placing of Existing Shares in the announcement of the Company dated 19 December 2022.

6 BORROWINGS

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current, secured:		
– Loans from banks and non-bank financial institutions	43,652,041	53,279,236
– Middle term notes	3,000,000	–
– Senior notes	5,206,964	7,301,264
– Financing under securitisation arrangements	5,637,000	6,596,000
	<u>57,496,005</u>	<u>67,176,500</u>
Non-current, unsecured:		
– Loans from banks and non-bank financial institutions	2,483,800	5,443,288
– Middle term notes	1,800,000	3,761,000
– Private placement notes	170,000	300,000
– Corporate bonds	1,971,172	6,229,677
– Senior notes	10,398,787	13,932,622
	<u>16,823,759</u>	<u>29,666,587</u>
Less: Current portion of long-term borrowings	<u>(30,445,359)</u>	<u>(30,796,128)</u>
	<u>43,874,405</u>	<u>66,046,959</u>
Current, secured:		
– Loans from banks and non-bank financial institutions	3,797,224	3,974,712
	<u>3,797,224</u>	<u>3,974,712</u>
Current, unsecured:		
– Loans from banks and non-bank financial institutions	10,000	875,895
– Senior notes	696,460	1,265,919
	<u>706,460</u>	<u>2,141,814</u>
Interest payable of short-term borrowings	<u>98,523</u>	<u>7,700</u>
Current portion of long-term borrowings	<u>30,445,359</u>	<u>30,796,128</u>
Interest payable of long-term borrowings	<u>615,583</u>	<u>1,248,786</u>
	<u>35,663,149</u>	<u>38,169,140</u>

7 TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Notes payable	6,104,692	6,681,502
Trade payables	44,471,953	53,648,921
Payables to related parties	25,361,592	25,330,032
Output VAT on contract liabilities to be transferred	14,429,422	16,843,230
Deposits for construction biddings and rental deposits	4,042,821	3,853,824
Advances from non-controlling shareholders of subsidiaries	3,111,370	5,379,997
Accrued expenses	2,816,927	2,466,737
Amounts received for potential investments in property projects	1,215,164	3,378,080
Value-added tax and other taxes payable	1,084,495	1,517,885
Accrued payroll	822,130	1,128,525
Payables for acquisition of subsidiaries, joint ventures and associates	137,451	526,459
Others	3,351,396	2,989,020
	106,949,413	123,744,212
Less: Non-current portion	–	–
Current portion	106,949,413	123,744,212

The ageing analysis of trade payables and notes payable based on invoice date as at 31 December 2022 and 2021 are as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Less than 1 year	45,025,778	57,540,753
Between 1 and 2 years	5,550,867	2,789,670
	50,576,645	60,330,423

As at 31 December 2022 and 2021, the fair value of trade and other payables approximate their carrying amounts.

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

8 REVENUE

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major line:

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Revenue from contract with customers recognised at a point in time		
A share company		
– Sales of properties	104,882,656	158,118,149
– Others services	472,020	431,584
Non-A share companies		
– Others services	873,489	1,045,879
	<u>106,228,165</u>	<u>159,595,612</u>
Revenue from contract with customers recognised over time		
A share company		
– Commercial property management services	3,920,751	3,430,166
– Others services	877,962	1,712,732
Non-A share companies		
– Others services	426,175	503,102
	<u>5,224,888</u>	<u>5,646,000</u>
Rental income		
A share company	5,082,655	4,293,254
Non-A share companies	4,922	2,454
	<u>5,087,577</u>	<u>4,295,708</u>
	<u>116,540,630</u>	<u>169,537,320</u>

9 EXPENSES BY NATURE

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

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Construction costs	53,324,267	76,952,562
Land use rights costs	30,237,176	43,635,446
Capitalised interest	7,540,702	10,882,031
Provision for impairment of properties held or under development for sale	5,957,007	4,837,431
Staff costs	5,747,187	6,179,061
Sales commission	2,260,185	1,880,120
Advertising and publicity costs	1,443,181	1,811,533
Tax and surcharges	1,432,057	1,570,710
Depreciation of property, plant and equipment	540,790	572,640
Professional fees	540,485	837,298
Travelling expenses	163,663	316,105
Bank charges	152,015	197,011
Entertainment expenses	116,080	246,192
Amortisation of right-of-use assets and intangible assets	114,244	292,117
Auditors' remuneration		
– annual audit of the Group	2,100	2,200
– annual audit of the A share company charged by its auditor	5,980	5,680
– non-audit services	2,300	2,850
Rental expenses of low-value and short-term leases	3,784	3,771
Other expenses	1,771,632	2,041,527
Total cost of sales and services, selling and marketing expenses and administrative expenses	111,354,835	152,266,285

10 FINANCE INCOME AND COSTS

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Finance costs		
– Interest on borrowings	(5,643,164)	(6,282,027)
– Significant financing component of pre-sale contracts	(2,908,487)	(6,295,782)
– Interest and finance charges paid/payable for lease liabilities	(44,950)	(42,637)
– Less: Interest capitalised	5,639,495	11,231,764
	<u>(2,957,106)</u>	<u>(1,388,682)</u>
– Net foreign exchange (losses)/gains	<u>(820,771)</u>	<u>107,423</u>
Total finance costs	<u>(3,777,877)</u>	<u>(1,281,259)</u>
Finance income		
– Interest income on bank deposits	<u>388,005</u>	<u>438,688</u>
Net finance costs	<u>(3,389,872)</u>	<u>(842,571)</u>

11 INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax		
– PRC land appreciation tax	1,378,875	3,470,535
– PRC corporate income tax	1,665,166	5,051,282
	<u>3,044,041</u>	<u>8,521,817</u>
Deferred income tax	<u>(92,239)</u>	<u>(485,682)</u>
Total income tax charged for the year	<u>2,951,802</u>	<u>8,036,135</u>

Cayman Islands income tax

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

British Virgin Islands income tax

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

Hong Kong profits tax

Hong Kong profits tax has been provided at 16.5% as the Group has assessable profits in Hong Kong during the year (2021: 16.5%).

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the “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 the 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 year ended 31 December 2022, 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.

12 EARNINGS PER SHARE

Basic earnings per share for the year 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 year.

	Year ended 31 December	
	2022	2021
Consolidated profit attributable to equity holders of the Company (RMB'000)	<u>280,673</u>	<u>8,590,624</u>
Weighted average number of ordinary shares in issue ('000)	<u>6,490,443</u>	<u>6,185,380</u>
Basic earnings per share (RMB)	<u>0.04</u>	<u>1.39</u>

The share options and awarded shares granted by the Company have potential dilutive effect on the EPS. Diluted EPS 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 EPS).

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 Groups diluted EPS.

	Year ended 31 December	
	2022	2021
Profit attributable to equity holders of the Company	280,673	8,590,624
Dilution effect arising from share-based awards issued by the A share company	–	(23,643)
Profit attributable to equity holders of the Company for the calculation of diluted earnings per share	280,673	8,566,981
Weighted average number of ordinary shares in issue ('000)	6,490,443	6,185,380
Add: number of dilutive shares ('000)	–	2,341
Weighted average number of ordinary shares in issue and potential ordinary shares used as the denominator in calculating diluted earnings per share ('000)	6,490,443	6,187,721
Diluted earnings per share (RMB)	0.04	1.38

13 DIVIDENDS

No interim dividend was declared during the year (2021: no interim dividend was declared during the year).

At a Board meeting held on 31 March 2023, the Board did not propose to declare the final dividend for the year ended 31 December 2022 (2021: nil).

14 FINANCIAL GUARANTEES

(a) Guarantees on mortgage facilities

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	62,295,853	73,048,940

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the issue of the real estate ownership certificate by government authorities to the purchaser which will generally occur within an average period of two to three years from the completion of the guarantee registration and submitted to the mortgage bank; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal.

(b) Corporate guarantees

There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings as at 31 December 2022 and 2021. The directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

As at 31 December 2022, the Group provided guarantee with the amount of RMB4,924 million (as at 31 December 2021: RMB10,556 million) for its joint ventures and associates to obtain borrowings after assessing the credit history and pledge information of these related parties. The Group closely monitors the repayment progress of the relevant borrowings by these related parties. After considering the credit history of these related parties and the assets being pledged for the borrowings, the directors consider that the likelihood of default in payments is minimal.

As of 31 December 2022, the Group provided pledge guarantee for the borrowings of such joint ventures and associates with equity held by the Group.

15 EVENTS AFTER THE BALANCE SHEET DATE

- (a) On 16 February 2023, Mr. Qu Dejun resigned as vice-chairman of the Board, non-executive Director and member of the environmental, social and governance committee due to his inability to perform his duties. For details of the resignation, please refer to the announcements of the Company dated 10 February 2023 and 16 February 2023, respectively.
- (b) On 13 March 2023, the A share company's extraordinary general meeting approved the Proposal for the Non-public Issuance of A shares, pursuant to which the A share company will issue not more than 676,686,800 A Shares. It is expected that the proceeds to be raised will be not more than RMB8 billion.

MANAGEMENT DISCUSSION AND ANALYSIS

Review and Prospects

Looking back 2022, as the external environment was full of challenges, the real estate industry fell into a period of deep correction amid the sluggish market sentiment. To survive from the industry's "freezing winter", an enterprise must build a stronger competitive edge. Seazen remained adhering to its strategy of "dual-drive" of residential properties and commercial properties with focus on long-term growth momentum and responded to uncertainties with the certainties of its core capabilities. In addition, we also grasped the opportunities arising from green and low-carbon development and have integrated the idea of sustainable development into the comprehensive development and management of our businesses.

In 2022, affected by the overall macroeconomic environment and the policies, the demand on real estate market was weak with shrinking market scale. Though the entire industry was under substantial economic pressure, the Group managed to achieve contracted sales of approximately RMB116.049 billion and contracted sales of approximately 11.9152 million square meters ("sq.m.") in gross floor area ("GFA"). The Group actively responded to the government's calling for "guaranteeing house delivery and stabilizing people's livelihood", and prioritized "guaranteeing house delivery" as the first mission in the Company's operation management. In 2022, we delivered 131,000 units of flat.

Leveraging on our favourable operating performance and continuous improvement in commercial and operation strength, Wuyue Plaza has demonstrated outstanding operating results. In 2022, the Group recorded a total commercial operating income of over RMB10.0 billion for the first time, reaching RMB10.006 billion in total, representing a year-on-year increase of 15.8%. As of 31 December 2022, the Group has opened 194 Wuyue Plazas in 140 cities across the country, and the number of which in operation and under entrusted management has reached 145. In 2022, 15 Wuyue Plazas have been newly opened, ranking the first in the number of mall being opened by the domestically and overseas listed companies.

In 2022, the Group placed its focus on healthy cash flow and continued to optimize its debt structure so as to maintain a prudent financial position. As of 31 December 2022, the Group's net debt to equity ratio was 49.9%. Supported by its prudent financial positions, the Group strived for creating a strong fundamental and making a reasonable allocation of fund so as to ensure the settlement of each debt when due. In response of increasing difficulty in securing financing, the Group proactively sought more financing sources and successfully issued senior green notes in the principal amount of US\$100 million and middle term notes amounting to the principal amount of RMB4 billion in total throughout the year. At the end of 2022, the Group successfully raised funds of approximately HKD1.96 billion by means of placement, demonstrating the trust of the investors on the Group.

The Group continued to upgrade itself and build a more resilient governance system for sustainable development. In 2022, the Group has officially launched Seazen Blue Campaign. With the achievement of carbon peaking and carbon neutrality as its overall goal, Seazen has commenced the implementation of its sustainable development strategies and modification of its various sustainable development policies, moving forward on a path towards a more scientific and effective governance system. As of the end of 2022, the Group had a total of 37 green building projects, with a green GFA of 13.32 million sq.m. in total. The green building coverage rate for commercial properties and residential properties under development and newly developed all reached 100%.

Look forward, the characteristics of the PRC economy, namely resilience, great potential and vibrancy, remain unchanged. People's pursuit of a better life will move on; confidence in the real estate industry will gradually recover; and promising enterprises with competitive edge will always exist. Under the current environment, real estate companies with solid brand strength and stringent regulations and systems will weather the economic cycles and headwinds. The Group will always pursue prudence, excellence, sustainable development and its commitment to the well-being of people. We shall spare no effort to ensure the quality and quantity of the property delivery. Furthermore, we shall provide properties that meet buyers' needs and value their experience, and continue to create value for the stakeholders. For environmental protection and community welfare, we shall also continue to actively fulfill our social responsibilities and advance our mission on environment protection by practicing the green and low-carbon development.

Those who plan well ahead may go far, and those who act with determination will succeed. Facing a complicated and ever-changing environment, Seazen will persist on doing right things, no matter how hard it is. We shall embrace the new development and the new structure of the industry, bring decent financial return to the investors and demonstrate our confidence in the long-term development of Seazen.

Property Development

In 2022, the Group recorded contracted sales of approximately RMB116,049 million. Contracted sales was approximately 11,915,200 sq.m. in GFA. The aggregate contracted selling price (excluding carparks sales) for the year was RMB10,800 per sq.m..

Table 1: Details of contracted sales of the Group in 2022

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

Province/Region	Contracted GFA sold (sq.m.)	Contracted sales (RMB million)
Yangtze River Delta Area		
Jiangsu Province	3,486,122	41,219
Zhejiang Province	572,805	7,976
Shanghai City	166,081	5,314
Anhui Province	351,309	1,870
Central and Western China Area		
Hubei Province	873,246	6,145
Hunan Province	755,175	5,658
Henan Province	535,504	3,995
Chongqing City	389,169	2,646
Jiangxi Province	290,316	2,420
Sichuan Province	330,886	2,369
Yunnan Province	382,153	1,987
Guizhou Province	214,933	1,538
Xinjiang Uygur Autonomous Region	181,095	1,524
Shaanxi Province	182,997	1,370
Guangxi Zhuang Autonomous Region	237,745	1,368
Shanxi Province	193,400	1,217
Qinghai Province	73,043	711
Gansu Province	27,363	288
Inner Mongolia Autonomous Region	20,477	34
Ningxia Hui Autonomous Region	12,928	21

Province/Region	Contracted GFA sold (sq.m.)	Contracted sales (RMB million)
Bohai Rim Area		
Shandong Province	1,298,410	9,155
Tianjin City	445,654	5,163
Beijing City	61,187	2,073
Hebei Province	229,568	2,060
Liaoning Province	11,345	38
Jilin Province	15,509	17
Greater Bay Area and Other Areas		
Guangdong Province	505,415	6,694
Fujian Province	71,289	1,175
Hainan Province	27	0 ⁽¹⁾
Total	11,915,151	116,049

⁽¹⁾ The contracted sales in Hainan was RMB0.1426 million in 2022.

Rentable and Saleable Land Resources

The geographic spread of the rentable and saleable land resources of the Group as at 31 December 2022 was as follows, among which the area for future residential sales is about 49.15 million sq.m.:

Table 2: Details of rentable and saleable land resources of the Group

Province/Region	Rentable and saleable area (sq.m.)	Accumulative contracted area by the end of 2022 (sq.m.)
Yangtze River Delta Area		
Jiangsu Province	39,481,164	26,291,977
Zhejiang Province	8,961,204	6,454,128
Anhui Province	6,931,133	4,721,886
Shanghai City	968,013	677,913
Central and Western China Area		
Hubei Province	9,181,247	4,542,880
Hunan Province	8,922,676	5,183,969
Yunnan Province	6,537,732	2,802,801
Chongqing City	5,142,092	2,628,564
Guizhou Province	5,110,822	2,035,323
Henan Province	5,009,302	2,434,167
Sichuan Province	4,288,356	2,661,679
Guangxi Zhuang Autonomous Region	3,117,080	2,213,885
Shaanxi Province	2,883,816	1,711,826
Shanxi Province	2,708,192	1,340,422
Xinjiang Uygur Autonomous Region	2,161,441	399,386
Jiangxi Province	1,913,937	713,839
Inner Mongolia Autonomous Region	1,277,307	861,853
Qinghai Province	918,005	494,563
Ningxia Hui Autonomous Region	601,287	423,762
Gansu Province	420,356	158,382

Province/Region	Rentable and saleable area (sq.m.)	Accumulative contracted area by the end of 2022 (sq.m.)
Bohai Rim Area		
Shandong Province	16,102,441	7,438,187
Tianjin City	5,924,330	3,380,745
Hebei Province	3,585,224	2,127,788
Beijing City	1,140,454	747,069
Liaoning Province	971,298	647,520
Greater Bay Area and Other Areas		
Guangdong Province	6,566,004	3,597,575
Fujian Province	1,066,403	201,896
Total	<u>151,891,316</u>	<u>86,893,983</u>

In 2022, the Group acquired a total of 2 projects to replenish its land bank. The acquired land bank was approximately 284,637 sq.m. (including those of the Group's joint ventures and associates' projects on a 100% basis) (including underground floor area) whilst the average acquisition cost was approximately RMB9,743 per sq.m..

Table 3: Details of land acquisition from January to December 2022

Location	Name of Land Parcel	Land use	Proportion of interest	Site area (sq.m.)	Total GFA (sq.m.)	Total land premium (RMB million)
Changzhou	Xinbei Guangxing Land Parcel Project	Residential	16.43%	87,241	268,608	2,745.00
Shangqiu	Shangqiu Suiyang Project	Commercial	99.01%	6,412	16,029	28.26

Property Investment

The Group's investment properties were mainly deduced from the 140 Wuyue Plazas in operation as at 31 December 2022.

Table 4: Details of rental and management fee income from investment properties of the Group in 2022

Province	Number of plazas	Occupancy rate	Rental and management fee income for 2022 RMB'000	Rental and management fee income for 2021 RMB'000
Jiangsu	39	97.25%	2,999,449	2,768,046
Zhejiang	16	97.29%	1,446,127	1,373,036
Anhui	13	93.49%	727,649	713,557
Shaanxi	7	95.42%	507,419	466,392
Shandong	8	89.03%	482,927	300,546
Hunan	4	90.97%	298,558	273,384
Guangxi	5	90.73%	242,753	259,873
Yunnan	5	97.47%	265,918	227,141
Hubei	6	99.63%	305,200	216,822
Jiangxi	4	98.89%	221,302	208,351
Sichuan	5	91.64%	265,988	201,616
Jilin	3	82.53%	146,154	146,304
Hainan	1	100.00%	153,294	141,374
Tianjin	3	96.02%	197,334	121,253
Hebei	2	95.65%	159,046	117,354
Shanghai	1	96.49%	137,562	139,721
Guizhou	2	95.55%	96,995	91,100
Qinghai	1	92.85%	73,497	84,979
Inner Mongolia	3	90.22%	87,565	72,695
Fujian	1	96.30%	53,247	56,484
Liaoning	2	88.37%	131,219	30,561
Henan	2	97.86%	86,259	29,143
Ningxia	1	97.49%	82,187	14,395
Chongqing	3	93.19%	88,482	11,553
Guangdong	1	98.81%	60,948	6,991
Shanxi	1	97.46%	18,357	–
Gansu	1	100.00%	6,734	–

Notes:

1. The data of Shanghai includes the occupancy of the offices of Shanghai Seazen Holdings Tower B. As of 31 December 2022, the Company owned 126 Wuyue Plazas in operation and 14 Wuyue Plazas in operation providing entrusted management services. In addition, 5 contracted Wuyue Plazas were in the process of transfer and transition, and thus their income was not included in the scope of the Company's statistics.
2. Rental income includes rentals, management fee, carpark, various operation and other sporadic management income.
3. The Company's total commercial operating income for 2022 was RMB10.006 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 2021 was RMB8.639 billion (i.e. tax-included rental income).
4. The Company actively undertakes its social responsibilities. In 2022, as rent and management fee concessions and business support were provided, the Company's total commercial operating income was RMB313 million.
5. The occupancy rate represents the occupancy of the commercial property on 31 December 2022.

The Group did not hold any other significant investments except for the aforementioned investment properties as at 31 December 2022.

Property Delivery and Revenue from Sale of Properties

For the year ended 31 December 2022, revenue from sale of properties by the Group was approximately RMB104,883 million. Properties with a total GFA of approximately 13,197,155 sq.m. were delivered. Average selling price of properties delivered and recognized as sales was RMB7,947 per sq.m. in 2022.

Table 5: Details of revenue from sale of properties of the Group in 2022

Province	Revenue (RMB million)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jiangsu Province	31,870	3,570,860	8,925
Tianjin City	9,535	849,836	11,219
Shandong Province	8,716	1,344,673	6,482
Anhui Province	8,485	1,130,369	7,506
Guangdong Province	6,479	845,497	7,663
Yunnan Province	5,240	846,967	6,187
Zhejiang Province	4,613	529,179	8,717
Beijing City	4,075	94,025	43,344
Hubei Province	3,974	572,578	6,940
Hebei Province	3,474	370,405	9,378
Chongqing City	2,955	395,645	7,469
Guizhou Province	2,950	477,762	6,175
Henan Province	2,887	459,269	6,287
Hunan Province	2,154	417,352	5,162
Sichuan Province	1,760	296,483	5,936
Guangxi Zhuang Autonomous Region	1,656	339,758	4,874
Liaoning Province	1,555	233,856	6,651
Ningxia Hui Autonomous Region	1,149	152,223	7,550
Others	1,355	270,417	5,010
	104,883	13,197,155	7,947

As at 31 December 2022, the Group's properties pre-sold but yet to be delivered (including joint ventures and associates) amounted to a total GFA of approximately 29.14 million sq.m. with value of approximately RMB262,158 million, laying a solid foundation for a steady growth in the Group's revenue for the year to come.

Principal Risks and Uncertainties

The PRC's economy has been transitioning from a centrally planned economy to a more market oriented economy. For nearly three decades, the PRC government has implemented economic reform measures to utilize market forces in the development of the PRC's economy. The Group cannot predict whether changes in the PRC's economic, political and social conditions and in its laws, regulations and policies will have any adverse effect on the Group's current or future business, financial condition or results of operations. In addition, many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on the Group's operations and business development.

The PRC property market is volatile and may experience undersupply or oversupply of property units and significant property price fluctuations. The Group's business depends and will continue to depend on the growth of the economy in the PRC. A significant downturn in the PRC's economy could adversely affect the demand for commercial and residential properties. The PRC central and local governments frequently adjust monetary, fiscal or other economic policies to prevent and curtail the overheating of the economy, which may affect the PRC property market. Such policies may lead to changes in market conditions, including price instability and an imbalance of supply and demand in respect of commercial and residential properties, which may materially and adversely affect the Group's business and financial condition.

The property market in the Yangtze River Delta and major cities along the Shanghai-Nanjing Economic Corridor has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in the Yangtze River Delta and major cities along the Shanghai-Nanjing Economic Corridor where the Group has operations or where the Group may expand into. Many of the Group's competitors, including overseas listed foreign developers and top-tier domestic developers, may have more financial or other resources than the Group and may be more sophisticated than the Group in terms of engineering and technical skills. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, surplus in property supply leading to decline of property price, further delays in issuance of governmental approvals, and higher costs to attract or retain talented employees. Moreover, property markets across the PRC are influenced by other various factors, including changes in economic conditions, banking practices and consumer sentiment.

The business of the Group is subject to the overall economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond the Company's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. An outbreak of epidemics in the PRC, such as the avian flu or the human swine flu, especially in the cities where the Group has operations, may result in material disruptions to the Group's property development projects and the Group's sales and marketing efforts, which in turn may adversely affect the Group's financial condition and results of operations.

Compliance with Relevant Laws and Regulations

The PRC property market is heavily regulated and subject to frequent introduction of new regulations, including further measures taken by the PRC government to slow down the growth of the property sector, which may adversely affect property developers. The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign investment and currency exchange restrictions. From 2004 to 2022, the PRC government introduced a series of regulations and policies designed to control the growth of the property market, including, among others:

- (i) strictly enforcing the idle land related laws and regulations;
- (ii) restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- (iii) prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio of less than a certain prescribed percentage; and
- (iv) restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums.

In particular, the PRC government also introduced the following policies, among others, to specifically control the growth of the residential property market by:

- (i) limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- (ii) imposing tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;
- (iii) increasing the minimum amount of down payment of the purchase price of family residential property;
- (iv) tightening the availability of individual housing loans in the property market for individuals and their family members with more than one residential property; and

- (v) limiting the availability of individual housing provident fund loans for the purchase of second (or more) residential properties by labourers and their family members.

These measures resulted in downward pricing pressures on the PRC property market. The PRC government may implement further tightening measures to restrain the PRC property market at the national, provincial, municipal and/or local level, which may lead to the declining trends in transaction volume and selling prices of properties in the PRC. As a result, the Group's financial condition and results of operations may be affected.

Environmental Policies and Performance

Property developers in the PRC are subject to a number of environmental laws and regulations including the Environment Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Prevention and Control of Noise Pollution Law of the People's Republic of China (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law (《環境影響評價法》), and Administrative Regulations on Environmental Protection in Relation to Construction Projects (《建設項目環境保護管理條例》). The Group is subject to these laws and regulations concerning the protection of health and environment. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty for a project where environmental impact assessment documents have not been approved before commencement of construction. The Group is in compliance in all material respects with applicable environmental laws and regulations in the PRC.

Relationships with Customers and Suppliers

The Group has maintained good relationships with its customers and suppliers. The major suppliers of the Group are construction material suppliers and construction contractors, and the five largest suppliers accounted for approximately 9.2% of the total purchases for the year ended 31 December 2022. The Group's five largest customers accounted for approximately 0.4% of the total revenue for the year ended 31 December 2022.

The Group engages third-party contractors to carry out various services relating to property development projects, including design, pile setting, foundation building, construction, equipment installation, electromechanical and pipeline engineering, elevator installation and landscaping. The Group generally selects third-party contractors through a tender process and endeavors to engage companies with good reputation and track record, high performance, reliability and adequate financial resources.

Financial Review

Revenue

The Group's revenue comprises income from sale of properties, property management, rental and other related services earned during the year. The Group's revenue decreased by 31.3% from RMB169,537.3 million for the year ended 31 December 2021 to RMB116,540.6 million for the year ended 31 December 2022 due to less property delivery as compared to the corresponding period of last year.

	For the year ended	
	31 December	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Revenue from sale of properties	104,882.7	158,118.1
Revenue from commercial property management services	3,920.8	3,430.2
Rental income	5,087.6	4,295.7
Other income	2,649.5	3,693.3
	<u>116,540.6</u>	<u>169,537.3</u>

Cost of Sales and Services

Cost of sales and services consists primarily of the costs the Group incurred directly in relation to property development activities, leasing and property management and other businesses. Cost of sales and services includes construction costs, land use rights costs, tax and surcharges, capitalized interest and other business costs. The Group's cost of sales and services for the year ended 31 December 2022 amounted to approximately RMB100,601.8 million.

The following table sets forth information relating to the Group's cost of sales for the years indicated:

Table 6: Details of the Group's cost of sales and services

Details of the Group's cost of sales and services	For the year ended 31 December		Year-on-year change compared to 2021
	2022 RMB'000	2021 RMB'000	2021 %
Land use rights costs	30,237,176	43,635,446	-31
Construction costs	53,324,267	76,952,562	-31
Capitalised interest	7,540,702	10,882,031	-31
Tax and surcharges	1,432,057	1,570,710	-9
Provision for impairment of properties held or under development for sale	5,957,007	4,837,431	23
Other expenses	2,110,613	3,301,419	-36
Total	100,601,822	141,179,599	-29
Total GFA delivered (sq.m.)	13,197,155	18,230,865	-28
Average cost per sq.m. sold (RMB) (Note)	6,903	7,211	-4
Average selling price per sq.m. sold (RMB)	7,947	8,673	-8
Average cost as percentage of average selling price	86.86%	83.15%	4

Note: Average cost per sq.m. sold refers to the average cost of the Group's property sales (excluding the Group's leasing and property management operations, etc.) and is derived by dividing the sum of land use rights costs, construction costs and capitalized interest by the total GFA delivered in that year.

The Group makes provision for impairment based on the difference between the cost of properties held or under development for sale and its net realisable value. Net realisable value is based on estimated selling price in the ordinary course of business as determined with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs. The Group's provision for impairment of properties held or under development for sale was RMB5,957.0 million, representing an increase of RMB1,119.6 million from the previous year, which was mainly due to the changes in the market environment.

Gross Profit

The Group recorded a gross profit of approximately RMB15,938.8 million with a gross profit margin of 13.7% for the year ended 31 December 2022.

Fair Value Gains on Investment Properties

The Group develops and holds certain of its commercial properties such as shopping malls and carparks for rental income or capital appreciation. The Group's investment properties are appraised 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 the overall capital value, valuation gains on investment properties was approximately RMB1,455.3 million before tax for the year ended 31 December 2022.

Other Loss – Net

Net other loss amounted to approximately RMB284.2 million, mainly derived from the miscellaneous non-operating expenses, etc.

Selling and Marketing Costs

Selling and marketing costs decreased by 6.4%, to approximately RMB5,558.8 million for the year ended 31 December 2022 from approximately RMB5,937.4 million for the year ended 31 December 2021, which was primarily attributable to the decrease in salaries of employees related to sales.

Administrative Expenses

Administrative expenses amounted to RMB5,194.2 million, which was substantially the same as that of the previous year. Administrative expenses mainly include, among others, employee salaries, intermediary consulting fees, office expenses, travelling expenses, entertainment expenses.

Finance Costs – Net

The Group's finance costs primarily consists of interest expenses on bank loans, senior notes and corporate bonds less capitalized interest, and foreign exchange losses and gains. Interest on borrowings relating to project development is capitalized to the extent that it is directly attributable to a particular project and used to finance the development of that project. For the year ended 31 December 2022, net finance costs of the Group amounted to approximately RMB3,389.9 million, representing an increase of approximately RMB2,547.3 million from the previous year, which was mainly due to the increase in foreign exchange losses and decrease in capitalized interest.

Income Tax Expense

The Group's income tax expense includes provisions made for land appreciation tax, PRC corporate income tax and deferred income tax during the year. For the year ended 31 December 2022, the Group recorded an income tax expense of approximately RMB2,951.8 million.

Profit for the Year

Net profit attributable to equity holders of the Company amounted to approximately RMB280.7 million for the year ended 31 December 2022.

Core earnings attributable to equity holders of the Company amounted to approximately RMB185.4 million for the year ended 31 December 2022. Core earnings is a non-HKFRS measure for facilitating the evaluation of financial performance of the Group's core operations. Such non-HKFRS measure may be defined differently from similar terms used by other companies.

Liquidity, Financial and Capital Resources

Cash position

The Group's cash at bank and on hand is as follows:

	As at 31 December	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Cash at bank and on hand (including restricted cash)	32,453.3	55,653.3
Cash and cash equivalents	22,435.4	46,604.7

Borrowings and charges on the Group's assets

The Group's outstanding current and non-current borrowings amounted to RMB79,537.6 million, of which interest payable was RMB714.1 million. The maturity groupings of the borrowings are as follows:

	As at 31 December	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Borrowing terms		
Within 1 year	35,663.1	38,169.1
Over 1 year but within 2 years	19,072.0	35,103.5
Over 2 years but within 5 years	16,532.0	27,319.5
Over 5 years	8,270.5	3,624.0
	79,537.6	104,216.1

As at 31 December 2022, the Group's bank loans were approximately RMB42,390.2 million. Bank loans include credit loans and guaranteed borrowings. Guaranteed borrowings were secured by one or a combination of the following methods: land use rights, properties under development, investment properties, property, plant and equipment, shares of the Company's subsidiaries, financial assets, bank deposits and/or guarantees by the Company's subsidiaries. The Group's bank borrowings are from major commercial banks, all of which are independent third parties.

The proportion of the Group's long-term borrowings in the total borrowings reached 55.2% as at 31 December 2022, ensuring the healthy and stable cash flow of the Group in the future. The Directors believed that the constant optimization of the Group's debt level and financial structure had laid a solid foundation for the Group to withstand market volatility and diminish financial risks.

The weighted average interest rate for the Group's bank borrowings, senior notes and corporate bonds, etc. as at 31 December 2022 was 6.45%.

Net debt-to-equity ratio

As at 31 December 2022, the Group's net debt-to-equity ratio was 49.9%. Net debt-to-equity ratio is calculated by dividing net debt at the end of the period by total equity and multiplying by 100%. Net debt is calculated as total borrowings less interest payable, cash and cash equivalents, restricted cash.

Other fund raising activities

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 of the Company (the "**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 prospectus of the Company dated 5 January 2022 (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 at 31 December 2022, the intended and actual use of proceeds from the Rights Issue are set out as follows:

Intended use of net proceeds as disclosed in the Rights Issue Prospectus	Amount of intended use of net proceeds as disclosed in the Rights Issue Prospectus	Actual used amount of net proceeds	Utilised net proceeds during the Reporting Period	Balance of unused net proceeds	Expected timeline for the intended use (Note 1)
Acquisition of lands in Sichuan Province and Hubei Province	Approximately HKD935.87 million	–	–	Approximately HKD935.87 million	On or before 31 December 2024 (Note 2)
Repayment of a syndicated loan	Approximately HKD623.92 million	Approximately HKD623.92 million	Approximately HKD623.92 million	–	Fully utilised
Total	Approximately HKD1,559.79 million	Approximately HKD623.92 million	Approximately HKD623.92 million	Approximately HKD935.87 million	–

Notes:

1. The expected timeline for using the unutilised net proceeds is based on the best estimation of the present and future business market situations made by the Board, and it will be subject to changes based on the future development of market conditions.
2. As disclosed in the Rights Issue Prospectus, the Company intended to apply approximately RMB935.87 million raised from the Rights Issue for acquisition of lands which can potentially be developed into commercial complexes in Sichuan Province and Hubei Province. However, due to the subdued sentiment of the land market and the overall economic downturn in the PRC during the year ended 31 December 2022, the relevant business plan was delayed to allow more time for the management to assess the conditions of the land market. Based on current estimation and subject to future conditions of the land market, the Directors expected to postpone the completion of the acquisition plan to the end of 2024.

Other than the Rights Issue, fund raising activities carried out by the Group for the year ended 31 December 2022 also included the issuance of senior green notes and placing of existing shares and top-up subscription of new shares under general mandate. For details, please refer to the section headed “Material Events during the Reporting Period” in this announcement.

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 31 December 2022, the Group's contingent liabilities in respect of the guarantees given to the financial institutions for mortgage loan facilities granted to purchasers of the Group's properties amounted to approximately RMB62,295.9 million (as at 31 December 2021: approximately RMB73,048.9 million).

As at 31 December 2022, there are certain corporate guarantees provided by the Company's subsidiaries for each other in respect of borrowings. The Directors considered that the Company's subsidiaries are sufficiently and financially resourceful to settle their obligations.

As at 31 December 2022, the Group provided guarantee with the amount of RMB4,924.4 million (as at 31 December 2021: RMB10,556.2 million) to its joint ventures and associates.

As of 31 December 2022, the Group provided pledge guarantee for the borrowings of such joint ventures and associates with equity held by the Group.

Save as those disclosed in this announcement, the Group had no other material contingent liabilities as at 31 December 2022.

Foreign Exchange Risk

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

Cash balances	As at 31 December	
	2022	2021
	<i>RMB million</i>	<i>RMB million</i>
Denominated in RMB	31,400.2	55,225.1
Denominated in HKD	1,019.7	107.4
Denominated in USD	33.4	319.9
Denominated in other currencies	—	0.9
	<u>32,453.3</u>	<u>55,653.3</u>

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

As a result of the issuance of senior notes, the Group became exposed to foreign currency risk arising from the exposure of Renminbi against U.S. dollars. Each of the Directors has closely monitored the scale of assets and liabilities in foreign currencies to minimize the foreign exchange risks.

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

Material Acquisition and Disposal

During the year ended 31 December 2022, save as otherwise disclosed in this announcement, the Group did not have any material acquisition or disposal of subsidiaries, associates or assets.

Future Plans for Material Investment or Capital Assets

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

Employees and Compensation Policy

As at 31 December 2022, the Group had 25,941 full-time employees in the PRC and Hong Kong, 23,437 of which worked in the property development operations and management of commercial complexes and 2,504 were engaged in other operations.

The Group determines the remuneration packages of all employees (including the Directors) based on their performance, work experience and the prevailing market wage level, and provides promotional opportunities for them 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 so as 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 RMB8.7 million for the year ended 31 December 2022 (for the year ended 31 December 2021: RMB11.0 million).

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") is to be held on Thursday, 18 May 2023 and the notice of AGM is expected to be published and dispatched to the Shareholders on or about Monday, 17 April 2023.

FINAL DIVIDEND

The Board does not recommend the declaration or payment of any final dividend for the year ended 31 December 2022 (for the year ended 31 December 2021: nil).

CLOSURE OF THE REGISTER OF MEMBERS

To determine the identity of Shareholders who are entitled to attend and vote at the AGM

Latest date for lodging transfer:	4:30 p.m. on Friday, 12 May 2023
Period of closure of register:	Monday, 15 May 2023 to Thursday, 18 May 2023, both days inclusive

In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than the corresponding latest date for registration.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the 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 of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as its own code of corporate governance. The Company has complied with all applicable code provisions set out in Part 2 of Appendix 14 of the Listing Rules throughout the year ended 31 December 2022. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2022.

During the year ended 31 December 2022, the Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standards set out in the Model Code for compliance by its relevant employees who are likely to be in possession of inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for (i) the rights issue as disclosed under the paragraph headed “Other fund raising activities” in this announcement and (ii) the placing of existing shares and top-up subscription of new shares under general mandate as disclosed under the section headed “Material events during the Reporting Period” in this announcement, neither the Company, nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2022.

MATERIAL EVENTS DURING THE REPORTING PERIOD

Rights Issue and Adjustments relating to the Share Options

The Company has completed the Rights Issue on 27 January 2022. For details, please refer to the paragraph headed “Other fund raising activities” in this announcement.

Prior to the completion of the Rights Issue, the Company had 12,819,000 outstanding share options under the share option scheme adopted by the Company on 6 November 2012 (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:

Date of grant	Immediately prior to the adjustments as a result of completion of the Rights Issue		Immediately after the adjustments as a result of completion of the Rights Issue	
	Number of shares to be issued upon exercise of the outstanding share options	Exercise price per share of share options (HKD)	Adjusted number of shares to be issued upon exercise of the outstanding share options	Adjusted exercise price per share of share option
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, respectively, and the Rights Issue Prospectus.

Amendments to the Memorandum and Articles of Association

On 14 April 2022, the Company announced the proposed amendments to the memorandum and articles of association of the Company to (i) reflect and align with the new requirements under the amended Appendix 3 to the Listing Rules which have come into effect on 1 January 2022; (ii) provide flexibility to the Company in relation to the conduct of general meetings; and (iii) make certain other housekeeping changes (the “**Proposed Amendments**”). The Proposed Amendments were subsequently approved by the Shareholders at the annual general meeting of the Company held on 23 June 2022.

Issuance of Senior Green Notes

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 in the aggregate principal amount of US\$100,000,000 which will mature on 1 June 2023. For details of the issuance, please refer to the announcement of the Company dated 31 May 2022.

Redemption of Senior Notes

On 10 June 2022, the Company has fully redeemed the 6.45% senior notes (to be matured on 11 June 2022) of the principal amount of US\$400,000,000 together with all accrued interests thereon before the maturity date. For details of the redemption, please refer to the announcement of the Company dated 10 June 2022.

Placing of Existing Shares and Top-up Subscription of New Shares under General Mandate

On 10 December 2022, Wealth Zone Hong Kong Investments Limited (“**Wealth Zone**”), the Company, Citigroup Global Markets Limited (“**Citi**”) and Haitong International Securities Company Limited (“**Haitong**”, together with Citi, the “**Placing Agents**”) entered into the placing and subscription agreement (the “**Placing and Subscription Agreement**”), pursuant to which: (a) Wealth Zone agreed to appoint the Placing Agents as agents, and the Placing Agents agreed to procure, on a several (and not joint or joint and several) and best effort basis, not less than six purchasers to purchase the 560,000,000 existing shares (the “**Sale Shares**”) at the placing price (the “**Placing Price**”) of HKD3.50 per share; and (b) Wealth Zone agreed to subscribe for, and the Company agreed to allot and issue to Wealth Zone, the new shares (which shall be the same number as the number of Sale Shares actually sold by Wealth Zone pursuant to the Placing and Subscription Agreement) (the “**Subscription Shares**”) at the subscription price of HKD3.50 per share (which is the same as the Placing Price) (the “**Subscription Price**”). The Subscription Shares have a nominal value of HKD560,000. The net Subscription Price (after deduction of all relevant costs and expenses to be borne by the Company) is approximately HKD3.47 per share.

The completion of the placing of the Sale Shares took place on 14 December 2022, and the Company allotted and issued 560,000,000 Subscription Shares to Wealth Zone on 19 December 2022 under the general mandate granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 23 June 2022.

The Company received total net proceeds from the subscription of the Subscription Shares (the “**Subscription**”) of approximately HKD1,943 million. The Company intends to apply the net proceeds from the Subscription for the repayment of the Company’s offshore debts when they fall due in the future and as general working capital of the Group. For further details, please refer to the announcements of the Company dated 12 December 2022 and 19 December 2022, respectively.

EVENTS AFTER THE REPORTING PERIOD

Resignation of vice-chairman of the Board, non-executive Director and member of the environmental, social and governance committee

On 16 February 2023, Mr. Qu Dejun resigned as vice-chairman of the Board, non-executive Director and member of the environmental, social and governance committee due to his inability to perform his duties. For details of the resignation, please refer to the announcements of the Company dated 10 February 2023 and 16 February 2023, respectively.

Proposal for the Non-public Issuance by Seazen Holdings

On 13 March 2023, Seazen Holdings’s extraordinary general meeting approved the proposal for the non-public issuance of A shares, pursuant to which Seazen Holdings will issue not more than 676,686,800 A shares. It is expected that the proceeds to be raised will be not more than RMB8 billion.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The audit committee of the Company, comprising all the independent non-executive Directors, together with the management and the external auditor, has reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended 31 December 2022.

The financial information contained in this announcement is based on the audited consolidated financial statements of the Group for the year ended 31 December 2022. Such information was extracted from the financial statements agreed with the auditors of the Company.

PUBLICATION OF THE CONSOLIDATED ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.seazengroup.com.cn), and the 2022 annual 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, 31 March 2023

As at the date of this announcement, the Directors are Mr. Lv Xiaoping and Mr. Lu Zhongming as executive Directors, Mr. Wang Xiaosong 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 is provided for identification purpose only.*