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雅居樂

AGILE GROUP HOLDINGS LIMITED

(*Incorporated in the Cayman Islands with limited liability*)

(Stock Code: 3383)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS

Financial Highlights

	For the six months ended 30 June		
	2016	2015	Change
Revenue *(RMB million)*	**22,558**	17,300	+30.4%
Gross profit *(RMB million)*	**4,515**	5,128	-11.9%
Profit for the period *(RMB million)*	**1,001**	1,403	-28.6%
Profit attributable to shareholders of the Company *(RMB million)*	**604**	965	-37.4%
Core profit attributable to shareholders of the Company* *(RMB million)*	**915**	956	-4.3%
Basic earnings per share *(RMB)*	**0.155**	0.248	-37.5%

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2016.

* *Profit attributable to shareholders of the Company excluding fair value gains on revaluation of investment properties and the related tax effect and foreign exchange gain/loss*

Operational Highlights

- During the Review Period, the Group's accumulated pre-sales was RMB28,450 million, representing an increase of 36.7% when compared with the corresponding period of last year. The accumulated GFA pre-sold was 2.864 million sq.m., representing an increase of 27.0% when compared with the corresponding period of last year. The corresponding average selling price was RMB9,932 per sq.m., representing an increase of 7.6% when compared with the corresponding period of last year. During the Review Period, the Group had 69 projects for sale.

- During the Review Period, the Group acquired new land parcels in Beijing, Zhengzhou, Suzhou and Zhongshan with a total planned GFA of 664,418 sq.m.. The consideration attributable by the Group was RMB5,435 million. As at 30 June 2016, the Group had an aggregate land bank with a total planned GFA of 33.59 million sq.m. in 42 cities and districts, with the average land cost of RMB1,176 per sq.m..

- During the Review Period, the Group issued a five-year RMB1,600 million 4.7% corporate bonds and a four-year RMB1,200 million 5.8% non-public corporate bonds, and was granted a fifteen-year RMB2,500 million loan and a fifteen-year RMB2,300 million loan secured by investment properties in onshore loan and capital markets. The Group obtained a syndicated loan of HK$6,707 million and a term loan of HK$780 million offshore. The Company also redeemed its US$650 million 8.875% Senior Notes due by 2017 and had thereby reduced financing costs and optimised its debt structure effectively.

- During the Review Period, the Group's revenue from property management, hotel operations and property investment business recorded an increase of 23.6%, 7.3% and 156.7% respectively when compared with the corresponding period of last year, generating steady income for the Group.

- As at 30 June 2016, the total cash and bank balances of the Group were RMB20,223 million.

- As at 30 June 2016, the net debt to total equity ratio of the Group was 51.0%, representing the decrease of 13.0 percentage points when compared with 31 December 2015.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to report the interim results of Agile Group Holdings Limited ("Agile" or the "Company") and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2016 ("Review Period").

Results

For the Review Period, the revenue and gross profit of the Group were RMB22,558 million and RMB4,515 million respectively. Profit for the period was RMB1,001 million. Overall gross profit margin and net profit margin were 20.0% and 4.4% respectively.

The board of directors of the Company (the "Board") has resolved not to declare any interim dividend in respect of the six months ended 30 June 2016.

Business review

In the first half of 2016, the stable economic growth of China, coupled with a relatively easy keynote of policies over the property market, continued to release the demand of first time home buyers, contributing to a quick pick-up in the trading volume in the market. During the Review Period, the Group continued to enhance its product competitiveness while capitalising on market opportunities by adjusting its marketing strategy flexibly and launching projects in a timely manner at reasonable prices. The Group's accumulated pre-sales was RMB28,450 million, representing an increase of 36.7% when compared with the corresponding period of last year. The accumulated GFA pre-sold was 2.864 million sq.m., representing an increase of 27.0% when compared with the corresponding period of last year. The corresponding average selling price was RMB9,932 per sq.m., representing an increase of 7.6% when compared with the corresponding period of last year.

During the Review Period, the Group had 69 projects available for sale, and remained one of the leaders in property markets including Zhongshan, Guangzhou, Hainan, Nanjing and Wuxi, recording outstanding results. Furthermore, with the Group's intensive efforts to clear up inventory, the sell-through rate was in line with expectation, and the completed GFA held for sale had also decreased.

In respect of other businesses, the Group's revenue from property management increased by 23.6% during the Review Period when compared with the corresponding period of last year. Revenue from hotel operations also recorded an increase of 7.3% when compared with the corresponding period of last year. Revenue from property investment business increased by 156.7% when compared with the corresponding period of last year, of which, Guangzhou Agile Center recorded an occupancy rate of 82%.

Change of company name to reflect future strategy

As the Group further developed and expanded its scope of business, the Company's English name has changed from "Agile Property Holdings Limited" to "Agile Group Holdings Limited", and the dual foreign name in Chinese has changed from "雅居樂地產控股有限公司" to "雅居樂集團控股有限公司" during the period to reflect the future strategy of the Group.

Seeking opportunities actively to promote diversified business development

During the Review Period, the Group made intensive efforts to expand its existing business and explore other business opportunities, laying a solid foundation for its long-term development.

In respect of property development business, the Group adopted an active land acquisition strategy and increased its land bank by acquiring a total planned GFA of 664,418 sq.m. in cities including Beijing, Zhengzhou, Suzhou and Zhongshan. As at 30 June 2016, the Group had a land bank with a total planned GFA of 33.59 million sq.m. in 42 cities and districts, with average land cost being RMB1,176 per sq.m., which offers a certain competitive edge to the Group's property development business.

In respect of property management, the Group continued to expand the "A-Living" business, improve the service of "A-Steward" internet platform and cooperate with partners in various areas, with a view to providing owners and residents with more diversified services. In respect of hotel operations, the Group continued to optimise its services, expand marketing channels, broaden sources of income and reduce unnecessary expenditure.

Sound financial strategy and enhanced cash flow management

During the Review Period, the Group made efforts to accelerate its sales turnover and achieved favourable results. Meanwhile, the Group optimised its debt structure successfully through diversified the onshore and offshore financing channels. On the onshore front, the Group successfully issued RMB1,600 million five-year corporate bonds with a coupon rate of 4.7%, RMB1,200 million four-year non-public corporate bonds with a coupon rate of 5.8% and obtained RMB2,500 million fifteen-year and RMB2,300 million fifteen-year loans secured by investment properties. On the offshore front, the Group obtained a syndicated loan of HK$6,707 million and a bank loan of HK$780 million, and redeemed in full US$650 million 8.875% senior notes due 2017. All these have reduced the Group's financing costs and gearing ratio successfully. As at 30 June 2016, the net debt to total equity ratio of the Group was 51.0%, representing a decrease of 13.0 percentage points when compared with 31 December 2015.

In order to mitigate the foreign exchange risk related to debts denominated in foreign currencies, the Group had entered into US$1,200 million capped forward contracts to mitigate its foreign currency exposure in United States dollars denominated indebtedness during the Review Period, and recorded a fair value gain on derivative financial instruments of RMB83 million due to the corresponding accounting gains from these contracts.

In addition, the Group further controlled its costs and expenses. As a percentage of revenue, the selling and marketing costs decreased to 4.6%, while administrative expenses decreased to 2.9%, representing a decrease of 1.2 percentage points and 1.3 percentage points respectively when compared with the corresponding period of last year.

Ongoing multi-channel communications and improved transparency

The Group upholds the concept of "mutual communication for a win-win situation". Subject to the Listing Rules and laws, the Group maintains effective mutual communication and builds long-standing, stable relationships with commercial banks, investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency.

During the Review Period, the Group communicated with approximately 600 investors and analysts by holding various activities, including organising results announcement presentations, conducting 8 roadshows, attending 13 investor summits or seminars held by investment banks or securities companies at home and abroad and arranging 18 project site visits.

A responsible corporate citizen

Upholding the belief of "benefiting from society, giving back to society", the Group is committed to fulfilling its corporate social responsibility. During the Review Period, the Group's accumulated volunteer days achieved by over 8,000 participants were equivalent to 2,000 days, while RMB9 million charitable donations were made. In addition, the Group acted as the principal sponsor of "30-Hour Famine" in Hong Kong and "Macau Famine" in Macau organised by the World Vision Hong Kong for the seventh consecutive year, striving to contribute to society.

Active pursuit of sustainable development

The Group firmly believes that environmental protection is a key to its sustainable development, and strives to contribute environmental protection from project planning to completion and sale, as well as property management and hotel operations. Furthermore, the Group actively promotes environmental education and encourages the staff to practise low carbon living. During the Review Period, the Group participated in the "Earth Hour" initiated by WWF for the seventh consecutive year. In addition, the Group gave support to the "Lai See Packets Recycling Programme" organised by Greeners Action, a Hong Kong environmental group, for the sixth consecutive year. Recycling points were set up at the Group's residential projects, hotels, shopping malls and all offices to collect and distribute "Reborn Lai See Packets". The programme attracted participation from over 10,000 staff and members of the public across the nation. As an unprecedented initiative, the Group ceased to print new Lai See packets, with a view to encouraging members of the public to recycle and reuse Lai See packets.

Prospects and strategy

Looking ahead, the overall economy of China is expected to maintain steady growth in the second half of 2016. The Group will adopt a strategy of diversified development and drive the steady growth of all its business segments, so as to create more profit centres.

In respect of property development, the Group will continue to offer new products in a number of its projects, a majority of which are products catering for end-users' demand from first time home buyers and upgraders. While maintaining reasonable profitability, the Group will continue its flexible sales strategies to improve its sell-through rate on an ongoing basis, in order to accelerate its asset turnover and enhance the cash flows. Meanwhile, the Group will continue its strict construction management to ensure effective management of resources for sale, and will further optimise its product design and improve quality while eliminating underperforming contractors. Furthermore, the Group will control costs effectively and shorten the development cycle through product standardisation. In order to replenish its land bank, the Group will implement an active but prudent land acquisition strategy, with priority given to opportunities in cities where existing projects with a competitive edge are located, as well as first and second tier cities with substantial growth potential.

In respect of hotel operations, the Group will continue to enhance the ancillary facilities and services of its hotels and improve its business model, with a view to maintaining its position in the competitive market. In respect of property management, with "A-Steward" internet platform launched nationwide, the service of "A-Living" will be further enhanced, and the coverage of service will be expanded continuously. In respect of environmental protection business, the Group will be committed to optimising the technologies and management of existing projects and further expand the business in the second half of the year. In respect of the education segment, the Group will continue to enhance the quality of education, recruit talents and drive the construction of new schools, with an aim to further expand the service coverage.

The Group will continue to enhance its overall management and execution capability, with a view to laying a solid foundation for healthy development in the long term, by further optimising the structure and streamlining the decision-making process, with ongoing control on administrative expenses and enhancement of efficiency.

The Group is confident that, with the above measures and the efforts of all staff, it will be able to drive its overall business growth steadily and further increase the brand awareness of Agile across the nation. Meanwhile, the Group will also continue its promise of undertaking corporate social responsibilities and contributing to society by taking part in charity affairs.

Acknowledgement

On behalf of the Board, I would like to extend my heartfelt gratitude to the enormous support from our shareholders and customers, as well as the dedicated efforts of all our staff members, which enable Agile to grow.

CHEN Zhuo Lin
Chairman and President

Hong Kong, 23 August 2016

RESULTS

Unaudited interim results for the six months ended 30 June 2016:

INTERIM CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
	Note	**2016 Unaudited *(RMB'000)***	2015 Unaudited *(RMB'000)*
Revenue	*3*	**22,557,647**	17,299,561
Cost of sales		**(18,042,500)**	(12,171,649)
Gross profit		**4,515,147**	5,127,912
Selling and marketing costs		**(1,031,001)**	(1,002,476)
Administrative expenses		**(649,125)**	(735,037)
Fair value gains on investment properties	*9*	**10,857**	48,246
Other gains/(losses), net		**5,014**	(51,919)
Other income	*4*	**116,982**	68,771
Other expenses		**(28,654)**	(30,052)
Operating profit		**2,939,220**	3,425,445
Finance costs, net	*5*	**(697,923)**	(187,618)
Share of post-tax loss of associate		**(3,375)**	(6,255)
Share of post-tax profits/(losses) of joint ventures		**6,186**	(47,636)
Profit before income tax		**2,244,108**	3,183,936
Income tax expenses	*6*	**(1,242,860)**	(1,781,233)
Profit for the period		**1,001,248**	1,402,703
Attributable to:			
- Shareholders of the Company		**603,632**	964,799
- Holders of Perpetual Capital Securities		**188,084**	176,555
- Non-controlling interests		**209,532**	261,349
		1,001,248	1,402,703
Earnings per share for continuing operations attributable to the shareholders of the Company during the period (expressed in Renminbi per share)			
- Basic	*7*	**0.155**	0.248
- Diluted	*7*	**0.155**	0.248

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2016	2015
	Unaudited	Unaudited
	(RMB'000)	*(RMB'000)*
Profit for the period	**1,001,248**	1,402,703
Other comprehensive income for the period		
Items that may be reclassified to profit or loss		
- Currency translation differences	**(10,811)**	2,129
Total comprehensive income for the period	**990,437**	1,404,832
Total comprehensive income attributable to:		
- Shareholders of the Company	**596,064**	966,290
- Holders of the Perpetual Capital Securities	**188,084**	176,555
- Non-controlling interests	**206,289**	261,987
	990,437	1,404,832

INTERIM CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2016**	As at 31 December 2015
		Unaudited	Audited
		(RMB'000)	*(RMB'000)*
ASSETS			
Non-current assets			
Land use rights		**2,019,899**	1,940,762
Property, plant and equipment		**7,354,113**	6,651,965
Intangible assets		**50,749**	54,400
Investment properties	*9*	**6,387,643**	6,369,011
Properties under development		**6,732,922**	6,798,703
Interest in associate		**-**	3,375
Interests in joint ventures		**1,139,634**	1,133,448
Prepayments for acquisition of equity interest		**246,410**	-
Deferred income tax assets		**599,786**	570,208
Available-for-sale financial assets		**117,500**	117,500
Derivative financial instruments		**10,185**	-
Receivables from associate and joint ventures	*10*	**4,583,286**	3,554,716
		29,242,127	27,194,088
Current assets			
Properties under development		**38,679,787**	44,523,607
Completed properties held for sale		**13,795,998**	16,888,695
Prepayments for acquisition of land use rights		**5,217,720**	5,540,880
Prepaid income taxes		**1,782,438**	1,645,454
Trade and other receivables	*10*	**10,720,764**	8,383,115
Derivative financial instruments		**72,517**	-
Restricted cash		**8,845,331**	5,729,642
Cash and cash equivalents		**11,377,369**	7,407,450
		90,491,924	90,118,843
Total assets		**119,734,051**	117,312,931

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

	Note	**As at 30 June 2016** **Unaudited** ***(RMB'000)***	As at 31 December 2015 Audited *(RMB'000)*
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium		**4,290,028**	5,097,967
Shares held for share award scheme		**(156,588)**	(156,588)
Other reserves		**3,087,083**	3,044,577
Retained earnings		**26,407,262**	26,322,308
		33,627,785	34,308,264
Perpetual Capital Securities		**4,489,240**	4,488,659
Non-controlling interests		**3,462,828**	3,198,064
Total equity		**41,579,853**	41,994,987

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

	Note	As at 30 June 2016 Unaudited (RMB'000)	As at 31 December 2015 Audited (RMB'000)
LIABILITIES			
Non-current liabilities			
Borrowings		**27,485,874**	23,543,043
Deferred income tax liabilities		**1,138,416**	1,243,798
		28,624,290	24,786,841
Current liabilities			
Borrowings		**13,958,882**	16,487,415
Trade and other payables	*11*	**15,782,238**	15,620,891
Advanced proceeds received from customers		**10,058,689**	7,110,576
Current tax liabilities		**9,730,099**	11,312,221
		49,529,908	50,531,103
Total liabilities		**78,154,198**	75,317,944
Total equity and liabilities		**119,734,051**	117,312,931

Notes:

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants.

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual consolidated financial statements of the Group for the year ended 31 December 2015, as described in those annual consolidated financial statements.

(a) Income taxes

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

(b) Derivative financial instruments

Derivatives not designated for hedge are categorised as financial assets at fair value through profit or loss. Derivatives are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. Derivatives financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The change of fair value is recognised immediately in profit or loss within ‘finance costs, net".

(c) New standards, amendments to standards and interpretations adopted by the Group from 1 January 2016

The following new standards, amendments to standards and interpretations are mandatory for the Group’s financial year beginning 1 January 2016. The adoption of these new standards, amendments to standards and interpretations does not have significant impact to the results or financial position of the Group.

HKFRS 14	Regulatory deferral accounts
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception
Amendment to HKAS 27	Equity method in separate financial statements
Annual improvements 2014	2012-2014 cycle of the annual improvements
Amendment to HKAS 1	Disclosure initiative

3 Segment information

The executive directors of the Company, which are the chief operating decision-maker of the Group, review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into four business segments: property development, property management, hotel operations and property investment. The associate and joint ventures of the Group are principally engaged in property development and are included in the property development segment. As the executive directors of the Company consider most of the Group’s consolidated revenue and results are attributable to the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group’s consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

3 Segment information (continued)

Segment results and capital expenditure for the six months ended 30 June 2016 and 2015 are as follows:

Six months ended 30 June 2016

	Property development (RMB'000)	Property management (RMB'000)	Hotel operations (RMB'000)	Property investment (RMB'000)	Group (RMB'000)
Gross segment sales	**21,634,957**	**604,695**	**351,623**	**95,893**	**22,687,168**
Inter-segment sales	**-**	**(129,521)**	**-**	**-**	**(129,521)**
Sales to external customers	**21,634,957**	**475,174**	**351,623**	**95,893**	**22,557,647**
Fair value gains on investment properties (note 9)	**-**	**-**	**-**	**10,857**	**10,857**
Operating profit/(loss)	**2,901,547**	**91,336**	**(88,174)**	**34,511**	**2,939,220**
Share of post-tax loss of associate	**(3,375)**	**-**	**-**	**-**	**(3,375)**
Share of post-tax profits of joint ventures	**6,186**	**-**	**-**	**-**	**6,186**
Segment result	**2,904,358**	**91,336**	**(88,174)**	**34,511**	**2,942,031**
Finance costs, net (note 5)					**(697,923)**
Profit before income tax					**2,244,108**
Income tax expenses (note 6)					**(1,242,860)**
Profit for the period					**1,001,248**
Depreciation	**80,725**	**2,458**	**140,359**	**-**	**223,542**
Amortisation of land use rights and intangible assets	**11,865**	**297**	**25,232**	**-**	**37,394**

3 Segment information (continued)

Six months ended 30 June 2015

	Property development *(RMB'000)*	**Property management** *(RMB'000)*	**Hotel operations** *(RMB'000)*	**Property investment** *(RMB'000)*	**Group** *(RMB'000)*
Gross segment sales	16,550,007	496,477	327,688	37,355	17,411,527
Inter-segment sales	-	(111,966)	-	-	(111,966)
Sales to external customers	16,550,007	384,511	327,688	37,355	17,299,561
Fair value gains on investment properties (note 9)	-	-	-	48,246	48,246
Operating profit/(loss)	3,415,789	51,617	(100,366)	58,405	3,425,445
Share of post-tax loss of associate	(6,255)	-	-	-	(6,255)
Share of post-tax losses of joint ventures	(47,636)	-	-	-	(47,636)
Segment result	3,361,898	51,617	(100,366)	58,405	3,371,554
Finance costs, net (note 5)					(187,618)
Profit before income tax					3,183,936
Income tax expenses (note 6)					(1,781,233)
Profit for the period					1,402,703
Depreciation	69,615	2,544	117,429	-	189,588
Amortisation of land use rights and intangible assets	7,633	257	36,451	-	44,341

3 Segment information (continued)

Segment assets and liabilities as at 30 June 2016 are as follows:

	Property development	Property management	Hotel operations	Property investment	Elimination	Group
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Segment assets	**102,097,679**	**2,144,768**	**8,514,960**	**6,387,643**	**(1,875,925)**	**117,269,125**
Unallocated assets						**2,464,926**
Total assets						**119,734,051**
Segment assets include:						
Interests in joint ventures	**1,139,634**	**-**	**-**	**-**		**1,139,634**
Segment liabilities	**20,129,135**	**1,049,135**	**6,489,656**	**48,926**	**(1,875,925)**	**25,840,927**
Unallocated liabilities						**52,313,271**
Total liabilities						**78,154,198**
Capital expenditure	**392,292**	**1,588**	**679,808**	**17,935**		**1,091,623**

Segment assets and liabilities as at 31 December 2015 are as follows:

	Property development	Property management	Hotel operations	Property investment	Elimination	Group
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Segment assets	100,725,054	1,196,588	7,962,339	6,369,011	(1,155,723)	115,097,269
Unallocated assets						2,215,662
Total assets						117,312,931
Segment assets include:						
Interests in associate	3,375	-	-	-		3,375
Interests in joint ventures	1,133,448	-	-	-		1,133,448
Segment liabilities	17,445,745	464,201	5,945,204	32,040	(1,155,723)	22,731,467
Unallocated liabilities						52,586,477
Total liabilities						75,317,944
Capital expenditure	130,419	3,505	219,805	210,886		564,615

3 Segment information (continued)

There are no differences from the latest annual financial statement in the basis of segmentation or in the basis of measurement of segment profit or loss.

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, receivables and cash balances. Unallocated assets comprise deferred tax assets, prepaid income taxes and derivative financial instruments. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment, investment properties and intangible assets.

4 Other income

	Six months ended 30 June	
	2016	2015
	(RMB'000)	*(RMB'000)*
Interest income of bank deposits	**50,445**	39,029
Forfeited deposits from customers	**20,072**	21,877
Miscellaneous	**46,465**	7,865
	116,982	68,771

5 Finance costs, net

	Six months ended 30 June	
	2016	2015
	(RMB'000)	*(RMB'000)*
Interest expenses:		
- Bank borrowings and syndicated loans	**501,599**	641,200
- Senior notes	**821,194**	637,088
- PRC corporate bonds, asset-backed securitisation and other borrowings	**329,272**	409,414
Less: interest capitalised	**(1,184,729)**	(1,477,819)
Exchange losses/(gains) from borrowings	**356,979**	(22,265)
Less: exchange losses capitalised	**(43,690)**	-
Changes in fair value of derivative financial instruments	**(82,702)**	-
	697,923	187,618

6 Income tax expenses

	Six months ended 30 June	
	2016	2015
	(RMB'000)	*(RMB'000)*
Current income tax		
- PRC corporate income tax	**818,221**	655,602
- PRC land appreciation tax	**531,521**	1,164,110
- PRC withholding income tax	**28,078**	23,157
Deferred income tax		
- PRC corporate income tax	**(134,960)**	(61,636)
	1,242,860	1,781,233

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfill requirements under the tax treaty arrangements between the PRC and Hong Kong.

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period less shares held for Share Award Scheme.

	Six months ended 30 June	
	2016	2015
Profit attributable to shareholders of the Company *(RMB'000)*	**603,632**	964,799
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme *(thousands)*	**3,882,578**	3,882,578
Basic earnings per share *(RMB per share)*	**0.155**	0.248

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. For the six months ended 30 June 2016 and 30 June 2015, there was no diluted potential ordinary share, diluted earnings per share equalled to basic earnings per share.

8 Dividend

No interim dividend in respect of six months ended 30 June 2016 was declared by the Board of Directors of the Company (2015: nil).

9 Investment properties

	Six months ended 30 June	
	2016	2015
	(RMB'000)	*(RMB'000)*
Opening net book amount	**6,369,011**	5,846,317
Additions	**-**	40,803
Capitalised subsequent expenditure	**17,935**	-
Disposals	**(10,160)**	(34,117)
Transfer from property, plant and equipment to investment properties	**-**	209,876
Fair value gains on investment properties	**10,857**	48,246
Closing net book amount	**6,387,643**	6,111,125

As at 30 June 2016, investment properties of RMB5,308,083,000 (31 December 2015: RMB5,284,391,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings.

10 Trade and other receivables

	30 June 2016 ***(RMB'000)***	31 December 2015 *(RMB'000)*
Trade receivables (note (a))	**4,584,300**	3,847,636
Other receivables due from:		
- Joint ventures	**2,359,910**	2,327,315
- Associate	**2,757,976**	2,439,716
- Third parties	**3,554,839**	2,046,575
Prepaid business taxes and other taxes	**408,267**	188,998
Deposits for acquisition of land use rights	**1,295,260**	786,000
Prepayments	**343,498**	301,591
Total	**15,304,050**	11,937,831
Less: other receivables due from associate and joint venture - non-current portion	**(4,583,286)**	(3,554,716)
Trade and other receivables - current portion	**10,720,764**	8,383,115

As at 30 June 2016, the fair values of trade and other receivables approximated their carrying amounts. All the balances were fully performing except the balances which were past due but not impaired as described below.

Note:

(a) Trade receivables mainly arose from sales of properties. Trade receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. As at 30 June 2016 and 31 December 2015, the ageing analysis of the trade receivables is as follows:

	30 June 2016 ***(RMB'000)***	31 December 2015 *(RMB'000)*
Within 90 days	**3,732,312**	2,749,274
Over 90 days and within 365 days	**583,534**	712,419
Over 365 days and within 2 years	**121,153**	267,104
Over 2 years	**147,301**	118,839
	4,584,300	3,847,636

11 Trade and other payables

	30 June 2016	31 December 2015
	(RMB'000)	*(RMB'000)*
Trade payables (note (a))	**11,977,538**	11,625,492
Other payables due to:		
- Related parties	**541,701**	656,568
- Third parties	**1,942,993**	1,885,014
Staff welfare benefit payable	**35,254**	45,114
Accruals	**744,887**	793,474
Other taxes payable	**539,865**	615,229
	15,782,238	15,620,891

Note:

(a) The ageing analysis of trade payables of the Group as at 30 June 2016 and 31 December 2015 is as follows:

	30 June 2016	31 December 2015
	(RMB'000)	*(RMB'000)*
Within 90 days	**9,958,052**	9,951,225
Over 90 days and within 180 days	**1,094,507**	1,150,087
Over 180 days and within 365 days	**681,933**	415,797
Over 365 days	**243,046**	108,383
	11,977,538	11,625,492

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the Review Period, the Group's revenue was RMB22,558 million, representing an increase of 30.4% when compared with RMB17,300 million in the corresponding period of 2015. The operating profit was RMB2,939 million, representing a decrease of 14.2% when compared with RMB3,425 million in the corresponding period of 2015. Profit attributable to shareholders of the Company was RMB604 million, representing a decrease of 37.4% when compared with RMB965 million in the corresponding period of 2015. Core profit attributable to shareholders of the Company was RMB915 million, representing a decrease of 4.3% when compared with RMB956 million in the corresponding period of 2015. Basic earnings per share was RMB0.155, representing a decrease of 37.5% when compared with RMB0.248 in the corresponding period of 2015.

Land bank

In line with the Group's long-term development strategy, the Group continued to adopt its strategic land replenishment plan during the Review Period while optimizing the existing land bank in accordance with the development needs and market conditions. As at 30 June 2016, the Group has a land bank with a total planned GFA of 33.59 million sq.m. in 42 cities and regions across China, including Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region, Northeast China Region, Northern China Region and Kuala Lumpur of Malaysia. The average land cost was RMB1,176 per sq.m., which was competitive.

During the Review Period, the Group acquired land parcels with a total planned GFA of 664,418 sq.m. and the total consideration attributable by the Group was RMB5,435 million. These newly acquired sites are located in Beijing, Zhengzhou, Suzhou and Zhongshan. Among which, Beijing and Suzhou were the newly explored markets of the Group.

The following table sets forth the details of the newly acquired land parcel:

Land parcel name	City/District	Attributable Interest(%)	Planned GFA (sq.m.)
Southern China Region			
Site in Haotousha, Zhongshan	Zhongshan	100	166,966
Subtotal			**166,966**
Eastern China Region			
Site in Xiangcheng Development Zone, Suzhou	Suzhou	100	162,404
Subtotal			**162,404**
Central China Region			
Site in Zhongmou District, Zhengzhou	Zhengzhou	100	195,821
Site in Zhengdong New District, Zhengzhou	Zhengzhou	100	74,227
Subtotal			**270,048**
Northern China Region			
Site in Yanqing, Beijing	Beijing	51	65,000
Subtotal			**65,000**
Total			**664,418**

Property development and sales

During the Review Period, the Group's total recognised sales of property development was RMB21,635 million, representing an increase of 30.7% when compared with RMB16,550 million in the corresponding period of 2015, and the total recognised GFA sold was 2.36 million sq.m., representing an increase of 31.8% when compared with 1.79 million sq.m. in the corresponding period of 2015. The recognised average selling price of the Group's projects on sale decreased by 0.8% from RMB9,243 per sq.m. in the first half of 2015 to RMB9,167 per sq.m. in the first half of 2016, mainly due to the change of geographical distribution.

Property management

During the Review Period, the property management fee income of the Group was RMB475 million, representing an increase of 23.6% when compared with RMB385 million in the corresponding period of 2015, which was mainly attributable to an increase in the total GFA managed to 53.46 million sq.m. (the corresponding period of 2015: 24.48 million sq.m.).

Hotel operations

The Group continued to develop its hotel business in a prudent and cautious manner with a view to generating a stable and reliable recurring revenue stream for the Group. During the Review Period, the Group recorded the revenue from hotel operations of RMB352 million, representing an increase of 7.3% when compared with RMB328 million in the corresponding period of 2015. Revenue of hotel operation was primarily generated from Shanghai Marriott Hotel City Centre, Raffles Hainan, Howard Johnson Agile Plaza Chengdu and Sheraton Bailuhu Resort Huizhou.

Property Investment

In line with prudent development strategy and to further diversify the business portfolio so as to generate a stable income, the Group designated certain commercial properties for long-term rental yields. During the Review Period, revenue of property investment of the Group was RMB96 million, representing an increase of 156.7% when compared with RMB37 million in the corresponding period of 2015.

Cost of sales

Cost of sales of the Group mainly refers to the costs incurred directly from its property development activities, including cost of construction, fitting-out and design, land use rights, interest capitalised and business tax.

During the Review Period, the Group recorded cost of sales of RMB18,043 million, representing an increase of 48.2% when compared with RMB12,172 million in the corresponding period of 2015, which was mainly due to the increase in the unit cost of sales, in particular costs of construction, fitting-out and land use rights.

Gross profit

During the Review Period, the Group recorded gross profit of RMB4,515 million, representing a drecrease of 11.9% when compared with RMB5,128 million in the corresponding period of 2015. Gross profit margin for the Review Period was 20.0%. The fall in gross profit margin was mainly attributable to (i) the change in the proportion of the Group's recognised sales as contributed by different cities/districts, with the increased weightings by projects with relatively lower gross profit margin, and (ii) the increase in unit cost of sales, in particular new projects with higher unit land cost.

Fair value gains on investment properties

During the Review Period, the Group recorded the fair value gains on investment properties amounting to RMB11 million. After deducting RMB2.8 million for the deferred income tax on fair value gains, the net fair value gains was RMB8.2 million.

Other income

During the Review Period, the Group recorded other income of RMB117 million, representing an increase of 70.1% when compared with RMB69 million in the corresponding period of 2015, which was mainly due to the increase of bank interest income and miscellaneous income.

Selling and marketing costs

During the Review Period, the Group recorded selling and marketing costs of RMB1,031 million, which were comparable to RMB1,002 million in the corresponding period of 2015. As a percentage of revenue, the selling and marketing costs decreased to 4.6% (5.8% in the corresponding period of 2015), which was mainly attributable to the Group's effective control of selling and marketing costs.

Administrative expenses

During the Review Period, the Group recorded administrative expenses of RMB649 million, representing a decrease of 11.7% when compared with RMB735 million in the corresponding period of 2015. As a percentage of revenue, the administrative expenses decreased to 2.9% (4.2% in the corresponding period of 2015), which was mainly attributable to the Group's optimisation of human resources and the effective control of administrative costs.

Other expenses

During the Review Period, the Group recorded other expenses of RMB29 million, which were comparable to RMB30 million in the corresponding period of 2015. Meanwhile, the Group recorded charitable donation of RMB9 million.

Finance costs, net

During the Review Period, the Group recorded net finance costs of RMB698 million, representing an increase of 272.0% when compared with RMB188 million in the corresponding period of 2015, which was mainly due to the devaluation of Renminbi, causing the exchange losses of RMB357 million on translation of the Group's borrowings denominated in foreign currencies, when compared with the exchange gains of RMB 22 million in the corresponding period of 2015.

In order to mitigate the foreign exchange risk related to debts denominated in foreign currencies, the Group had entered into US$1,200 million capped forward contracts to mitigate its foreign currency exposure in United States dollars denominated indebtedness during the Review Period, and recorded a fair value gain on derivative financial instruments of RMB83 million (31 December 2015: nil) due to the corresponding accounting gains from these contracts.

Besides, the Group recorded an interest expenses of RMB467 million, representing an increase of 122.7% when compared with RMB210 million in the corresponding period of 2015, which was mainly due to the interest expenses related to completed construction properties could no longer be capitalised.

Share of post-tax profits/(losses) of joint ventures

During the Review Period, the Group recorded share of post-tax profits of joint ventures of RMB6 million, representing an increase of RMB54 million when compared with the post-tax losses of RMB48 million in the corresponding period of 2015.

Profit attributable to shareholders of the Company

During the Review Period, the Group recorded profit attributable to shareholders of the Company of RMB604 million, representing a decrease of 37.4% when compared with RMB965 million in the corresponding period of 2015. After excluding fair value gains on revaluation of investment properties and the related tax effect and foreign exchange gain/loss, the core profit attributable to shareholders of the Company was RMB915 million during the Review Period, representing a decrease of 4.3% when compared with RMB956 million in the corresponding period of 2015.

Liquidity, financial and capital resources

Cash position and fund available

As at 30 June 2016, the total cash and bank balances of the Group were RMB20,223 million (31 December 2015: RMB13,137 million), comprising cash and cash equivalents of RMB11,377 million (31 December 2015: RMB7,407 million) and restricted cash of RMB8,846 million (31 December 2015: RMB5,730 million).

Borrowings

As at 30 June 2016, the Group's total borrowings amounted to RMB41,445 million, of which bank borrowings, senior notes and PRC corporate bonds, asset-backed securitisation ("ABS") and other borrowings amounted to RMB20,082 million, RMB13,125 million and RMB8,238 million respectively.

Repayment schedule	**As at 30 June 2016 (RMB million)**	As at 31 December 2015 (RMB million)
Bank borrowing		
Within 1 year	**3,730**	10,043
Over 1 year and within 2 years	**3,312**	1,672
Over 2 years and within 5 years	**9,208**	3,588
Over 5 years	**3,832**	521
Subtotal	**20,082**	15,824
Senior notes		
Within 1 year	**6,599**	-
Over 1 year and within 2 years	**-**	10,672
Over 2 years and within 5 years	**6,526**	6,376
Subtotal	**13,125**	17,048
PRC corporate bonds, ABS and other borrowings		
Within 1 year	**3,630**	6,444
Over 1 year and within 2 years	**2,447**	449
Over 2 years and within 5 years	**2,161**	265
Subtotal	**8,238**	7,158
Total	**41,445**	40,030

As at 30 June 2016, the Group's bank borrowings (including syndicated loans) of RMB12,743 million (31 December 2015: RMB12,073 million) and other borrowings of RMB1,040 million (31 December 2015: RMB4,786 million) were secured by its land use rights, properties, bank deposits and the shares of a subsidiary. The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB3,854 million as at 30 June 2016 (31 December 2015: RMB4,579 million).

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 30 June 2016, the gearing ratio was 51.0% (31 December 2015: 64.0%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank borrowings were denominated in Hong Kong dollars, United States dollars and Malaysian Ringgit, and the Group's certain senior notes and Perpetual Capital Securities were denominated in United States dollars. During the Review Period, the Group had entered into capped forward contracts to mitigate certain of its foreign currency exposure in United States dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimize the volatility of the RMB cost of highly probable forecast repayments of debts. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

Cost of borrowings

During the Review Period, the cost of borrowings and the effective rate of borrowings of the Group was RMB 1,652 million and 8.1% respectively, which was comparable to RMB1,688 million and 8.0% in the corresponding period of 2015.

Financial guarantee

The Group has cooperated with certain financial institutions to arrange mortgage loan facility for its purchasers of property and provided guarantees to secure obligations of such purchasers for repayments. As at 30 June 2016, the outstanding guarantees amounted to RMB25,394 million (31 December 2015: RMB22,449 million). Such guarantees will be discharged upon earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted 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 starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

In addition, several subsidiaries of the Group have provided certain guarantees to the associate and certain joint ventures in respect of loan facilities amounting to RMB2,068 million (31 December 2015: RMB2,433 million).

Commitments

As at 30 June 2016, the commitments of the Group in connection with the property development activities were RMB22,924 million (31 December 2015: RMB16,303 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB3,880 million (31 December 2015: RMB93 million).

Human resources

As at 30 June 2016, the Group had a total of 12,454 employees, among which 108 were senior management and 357 were middle management. By geographical locations, there were 12,378 employees in mainland China and 76 employees in Hong Kong, Macau and Malaysia. For the six months ended 30 June 2016, employee benefit expenses, including directors' emoluments, were RMB830 million (the corresponding period of 2015: RMB1,021 million).

Outlook

Looking forward, in order to maintain a prominent position in the intensively competitive market and secure growth in revenue and profit, the Group will continue to provide more-value-for-money products and comprehensive services with innovative and humanised planning and design, in addition to the market-leading internet-based property management platform. Furthermore, the Group will continue to expand the property management business in order to broaden the source of income.

Meanwhile, in order to improve the cash flow, the Group will continue to implement flexible sales strategy, with improvement on sell-through rate and inventory clearance. Furthermore, the Group will further optimise the finance structure by implementing flexible financing strategy and fully utilising the financing channels onshore and offshore, with a view to controlling risk and lowering the financing cost effectively. Meanwhile, enhancement of internal management and effective cost control will continue.

In order to cope with its future development, the Group will enhance its land bank by acquiring premium land parcels in prudent manner and at reasonable price.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend in respect of the six months ended 30 June 2016 (2015: Nil).

REVIEW OF ACCOUNTS

The Company's audit committee had reviewed the interim results of the Group for the six months ended 30 June 2016.

The interim results of the Group for the six months ended 30 June 2016 has not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code for securities transactions by directors ("Securities Dealing Code for Directors"), which is on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). In response to enquiries made, all Directors confirmed that they have complied with the Securities Dealing Code for Directors during the six months ended 30 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2016, the Company has complied with all code provisions of the Corporate Governance Code ("CG Code") contained in Appendix 14 to the Listing Rules except for the deviation as specified with considered reasons below.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of present composition of the Board, the in-depth knowledge of Chen Zhuo Lin of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President of the Company, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 27 June 2016, the Company redeemed an aggregate principal amount of US$650,000,000, representing all its outstanding 8.875% senior notes due 2017 at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

Save as disclosed above, as at 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE COMPANY, HONG KONG EXCHANGES AND CLEARING LIMITED AND SINGAPORE EXCHANGE LIMITED

This announcement is published on the respective websites of the Company (www.agile.com.cn), Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and Singapore Exchange Limited (www.sgx.com). The interim report of the Company for the six months ended 30 June 2016 containing all the information required under the Listing Rules will be dispatched to the Company's shareholders and will be posted on the above websites in due course.

By Order of the Board
Agile Group Holdings Limited
CHEN Zhuo Lin
Chairman and President

Hong Kong, 23 August 2016

As at the date of this announcement, the Board comprises thirteen members, being Mr. Chen Zhuo Lin (Chairman and President), Mr. Chan Cheuk Yin** (Vice Chairperson), Madam Luk Sin Fong, Fion** (Vice Chairperson), Mr. Chan Cheuk Hung*, Mr. Huang Fengchao*, Mr. Chen Zhongqi*, Mr. Chan Cheuk Hei**, Mr. Chan Cheuk Nam**, Dr. Cheng Hon Kwan#, Mr. Kwong Che Keung, Gordon#, Mr. Cheung Wing Yui, Edward#, Mr. Hui Chiu Chung, Stephen# and Mr. Wong Shiu Hoi, Peter#.*

* *Executive Directors*
** *Non-executive Directors*
\# *Independent Non-executive Directors*