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 2017

HIGHLIGHTS

Financial Highlights

	For the six months ended 30 June		
	2017	2016	Change
Revenue *(RMB million)*	**22,315**	22,558	-1.1%
Gross profit *(RMB million)*	**8,324**	4,515	+84.4%
Profit for the period *(RMB million)*	**2,306**	1,001	+130.3%
Profit attributable to shareholders of the Company *(RMB million)*	**1,859**	604	+207.9%
Basic earnings per share *(RMB)*	**0.479**	0.155	+209.0%

The Board has declared an interim dividend of HK22.0 cents per ordinary share in respect of the six months ended 30 June 2017 (six months ended 30 June 2016: Nil) .

Operational Highlights

- During the Review Period, the Group's accumulated pre-sales was RMB40,390 million, representing an increase of 42.0% when compared with the corresponding period of last year. The accumulated GFA pre-sold was 3.245 million sq.m., representing an increase of 13.3% when compared with the corresponding period of last year. The corresponding average selling price was RMB12,446 per sq.m., representing an increase of 25.3% when compared with the corresponding period of last year.

- During the Review Period, the Group acquired new land parcels in Changzhou, Chongqing, Haikou, Lingshui, Xi'an, Yangzhou, Zhenjiang and Zhongshan with a total planned GFA of 3.42 million sq.m., in which the Group's total attributable planned GFA was 2.62 million sq.m.. The consideration attributable by the Group was RMB10,100 million. As at 30 June 2017, the Group had an aggregate land bank with a total planned GFA of 31.63 million sq.m. in 45 cities and districts.

- During the Review Period, the Company redeemed its RMB2,000 million 6.5% senior notes due February 2017 and USD700 million 9.875% senior notes due March 2017 by using internal resources, and thereby reducing financing costs and optimising its debt structure effectively. Effective borrowing rate decreased to 6.35% from 7.64% in 2016.

- During the Review Period, the Group's revenue from property management and property investment business recorded an increase of 15.3% and 4.0% respectively when compared with the corresponding period of last year, generating steady income for the Group.

- As at 30 June 2017, the Group's financial position remained healthy with net debt to total equity ratio of 51.0% and ample cash reserves of RMB29,261 million.

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 2017 ("Review Period").

Results and dividends

For the Review Period, the revenue of the Group was RMB22,315 million, representing a decrease of 1.1% when compared with the corresponding period of last year. The Group's gross profit and profit for the period were RMB8,324 million and RMB2,306 million respectively, representing an increase of 84.4% and 130.3% when compared with the corresponding period of last year. Overall gross profit margin and net profit margin were 37.3% and 10.3% respectively, representing an increase of 17.3 percentage points and 5.9 percentage points when compared with the corresponding period of last year. Profit attributable to shareholders of the Company was RMB1,859 million, representing an increase of 207.9% when compared with the corresponding period of last year.

The board of directors of the Company (the "Board") has declared an interim dividend of HK22.0 cents per ordinary share for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

Business review

In the first half of 2017, the Central government has followed up with its policy orientation that housing supply should regain its residential purpose. Local governments adopted "City-specific Policies", with a view to curbing the demand for speculative trading, so as to rolling out a positive outlook for long-term development of the industry. During the Review Period, the Group continued to enhance its product competitiveness while capitalising on market opportunities. With a focus on the demand of first time home buyers and upgraders, the Group adjusted its marketing strategies flexibly in response to the tightening policies in each region, and launched projects in a timely manner at reasonable prices. The pre-sales performance for the first half of the year was satisfactory.

During the Review Period, the Group's accumulated pre-sales was RMB40,390 million, representing an increase of 42.0% when compared with the corresponding period of last year. The accumulated GFA pre-sold was 3.245 million sq.m., representing an increase of 13.3% when compared with the corresponding period of last year. The corresponding average selling price was RMB12,446 per sq.m., representing an increase of 25.3% when compared with the corresponding period of last year. Of these, the projects in cities including Changzhou, Guangzhou, Hainan, Nanjing, Nantong, Yunnan and Zhongshan continued to show satisfactory pre-sales performance and recorded outstanding results.

In respect of other businesses, during the Review Period, the Group's revenue from property management and property investment business recorded an increase of 15.3% and 4.0% respectively when compared with the corresponding period of last year, of which, Guangzhou Agile Center recorded an occupancy rate of 95%.

New brand image to promote diversified businesses

The year 2017 marks the 25th anniversary of the Group. From concentration on property development to diversified development, the Company's business segments have undergone great changes. The Company has introduced a new brand image this year, reflecting the business model of "focusing on property development supported by a diversified range of businesses" and laying a solid cornerstone for its diversified development in the long term.

In respect of property management, the Group continued to expand the "A-Living" business and to improve services of the "A-Steward" online platform. It also cooperated with partners in various areas, with a view to providing residents and tenants with more diversified services. As at 30 June 2017, the Group's contracted GFA under management was 70.54 million sq.m.. During the Review Period, the Group entered into a strategic cooperation framework agreement with Greenland Holdings Corporation Limited ("Greenland Group"), whereby the Group acquired 100% equity stake in Greenland Property Service to commence dual-branded strategic cooperation, with an aim to enhancing the value of their property projects, and to establish a leading integrated modern service management platform of international standards in China to provide the best and most comprehensive property management service for their clients, including property management, internet technology, tourism, advertising, marketing and housing inspection. Furthermore, Greenland Group will offer 10 million sq.m. in GFA of properties to be managed by "A-Living" each year for a period of 5 years, laying a strong foundation for the development of "A-Living".

In respect of environmental protection, the Group has focused on the development of the businesses of solid waste treatment, environmental restoration and water affairs, aiming to become a leading operator in environmental service, in which, the planned annual processing capacity of disposal hazardous waste was 1.3 million tonnes. During the Review Period, the Group successfully acquired equity interests in 3 environmental protection companies.

In respect of hotel operations and property investment, the Group continued to optimise its services, expand marketing channels, broaden sources of income and reduce operating expenses, while developing hotel and investment property related businesses prudently to increase the competitive strength of its existing assets.

Multiple strategies for replenishment of land bank

With a view to meeting its future development needs, the Group continued to adopt its strategic land replenishment plan to optimise its land bank. During the Review Period, the Group adopted a more active yet prudent land acquisition strategy and increased its land bank by acquiring a total planned GFA of 3.42 million sq.m., in which the Group's total attributable planned GFA was 2.62 million sq.m. in Changzhou, Chongqing, Haikou, Lingshui, Xi'an, Yangzhou, Zhenjiang and Zhongshan by way of tender, auction, listing-for-sale and equity acquisition. Total consideration attributable by the Group was RMB10,100 million. Among which, Haikou is the newly explored market of the Group. As at 30 June 2017, the Group had a land bank with an estimated GFA of about 31.63 million sq.m. in 45 cities and districts, laying a solid cornerstone for its property development business.

Prudent financial strategy and enhanced cash flow management

During the Review Period, the Group made efforts to accelerate its sales turnover, strengthen capital and budget management, and optimise cost and expenditure control. Meanwhile, the Group optimised its debt structure through a number of financing channels. On the offshore front, the Group completed redemption of entire RMB2,000 million 6.5% senior notes due February 2017 and USD700 million 9.875% senior notes due March 2017 by using internal resources, further reducing the effective borrowing rate to 6.35%. As at 30 June 2017, the net debt to total equity ratio of the Group was 51.0%, representing an increase of 1.9 percentage points when compared with 31 December 2016.

During the Review Period, Moody's Investors Service, Inc. and S&P Global Ratings have affirmed the long-term corporate credit ratings of "Ba3" and "BB-" to the Group respectively, and unanimously raised the outlook rating to "Positive".

Moreover, the Group continued to manage its costs and expenses. As a percentage of pre-sales value, the selling and marketing costs decreased to 2.2%, while administrative expenses decreased to 1.9%, representing a decrease of 1.5 percentage points and 0.4 percentage points respectively when compared with the corresponding period of last year. On the other hand, as a percentage of revenue, the selling and marketing costs decreased to 3.7%, while administrative expenses increased to 3.3%, representing a decrease of 0.9 percentage points and increase of 0.4 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 more than 700 investors and analysts by holding various activities, including organising results announcement presentations, conducting 8 roadshows, attending 12 investor conferences or seminars held by investment banks or securities companies at home and abroad and arranging 38 project site visits.

A responsible corporate citizen in active pursuit of sustainable development

Upholding the belief of "benefiting from society, giving back to society", the Group is committed to fulfilling its corporate social responsibilities. During the Review Period, charitable donations made by the Group amounted to RMB35 million. 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 eighth consecutive year, striving to contribute to society.

The Group firmly believes that environmental protection is a key part in its sustainable development, and strives to contribute to 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 eighth 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 seventh 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. The Group ceased to print new Lai See packets for the second consecutive year, with a view to further encouraging more members of the public to recycle and reuse "Reborn Lai See Packets".

Prospects and strategy

Looking ahead, the overall economy of China will maintain steady growth in the second half of 2017. In addition, China is committed to promoting the development of urbanisation and positioning the Guangdong-Hong Kong-Macau Greater Bay Area as a world-class bay area, so as to rolling out a significant business opportunities to our business operated in that area. The Group will continue to uphold the philosophy of prudent development, adopt a business model of "focusing on property development supported by a diversified range of businesses" and drive the steady growth and competitive strength of all its business segments. Meanwhile, the Group will create more profit growth points and strives to maintain its leading position in the property development business.

In respect of property development, the Group will continue to offer new products in a number of its projects and launch some new projects during the second half of the year in cities including Changzhou, Suzhou, Zhengzhou and Zhongshan, mainly targeting end-users including first time home buyers and upgraders. The Group has set a three-year plan, with a view to ensuring that it can maintain a steady annual growth in property sales. 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. In respect of land bank replenishment, the Group will adopt an active yet 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. The Group will continue to optimise its land bank by way of tender, auction, listing-for-sale and equity acquisition, with a view to laying a solid foundation for steady sales growth in the long term.

In respect of property management, the Group has been expanding third-party businesses and will further take over third-party property management projects. Greenland Group has become a long-term strategic investor of the Group’s property management and property related business by acquiring a 20% stake in A-Living Group in mid of August 2017. In order to realise the value of A-Living Group and enhance shareholders’ return, the Group has engaged professional third parties as advisers and is finalising an application for the potential spin-off and separate listing of its property management business and value-added service on The Hong Kong Stock Exchange.

In respect of environmental protection, the Group will strive to optimise the technologies and management of existing projects, continuously improve the project management capabilities, actively explore potential environmental protection projects and further expand the business in the second half of the year. In respect of education, the Group will actively drive the construction of new schools, with a view to enhancing value and creating synergy for property projects. In respect of construction, The Group will continue to actively consolidate the businesses, including design consulting, general contracting and materials trading, home decoration and landscape, and actively develop the new innovative businesses, including new building materials and health intelligent home.

In respect of hotel operations and property investment, the Group will continue to enhance the ancillary facilities and services of its hotels and commercial properties, improve its business model and expand marketing channels, while broadening sources of income and reducing operating costs, with a view to maintaining its position in the competitive market.

The Company will adjust its annual plan in accordance with market conditions and increase the pace of development to further optimise the operation and management model, so as to enhance the overall operating efficiency and comprehensive profitability of the Group. The Group will continue to enhance its overall internal management and execution capability, with a view to laying a solid foundation for healthy development in the long term, by further streamlining the decision-making process, with ongoing control on administrative expenses and enhancement of efficiency. Meanwhile, the Group will further optimise the incentive mechanism, accelerate the co-investment scheme, with a view to sharing the profit of the project with the employees.

The Group will continue to practise a “people-oriented” philosophy, respect the lifestyle of every individual and endeavor to provide diversified products and services. With a considerate approach in its operation, the Group seeks to understand the needs of every customer in every detail.

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 and maintain its position in the competitive market. 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, 28 August 2017

RESULTS

Unaudited interim results for the six months ended 30 June 2017:

INTERIM CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
		2017	2016
	Note	**Unaudited**	Unaudited
		(RMB'000)	*(RMB'000)*
Revenue	*3*	**22,314,770**	22,557,647
Cost of sales		**(13,990,852)**	(18,042,500)
Gross profit		**8,323,918**	4,515,147
Selling and marketing costs		**(822,518)**	(1,031,001)
Administrative expenses		**(738,711)**	(649,125)
Fair value gains on investment properties	*4*	**27,990**	10,857
Other (losses)/gains, net		**(77,001)**	5,014
Other income	*5*	**238,959**	116,982
Other expenses		**(89,331)**	(28,654)
Operating profit		**6,863,306**	2,939,220
Finance costs, net	*6*	**(298,696)**	(697,923)
Share of post-tax losses of associates		**(23,205)**	(3,375)
Share of post-tax (losses)/gains of joint ventures		**(73,357)**	6,186
Profit before income tax		**6,468,048**	2,244,108
Income tax expenses	*7*	**(4,161,956)**	(1,242,860)
Profit for the period		**2,306,092**	1,001,248
Profit attributable to:			
Shareholders of the Company		**1,858,688**	603,632
Holders of Perpetual Capital Securities		**241,116**	188,084
Non-controlling interests		**206,288**	209,532
		2,306,092	1,001,248
Earnings per share attributable to the shareholders of the Company for the period (expressed in Renminbi per share)			
- Basic	*8*	**0.479**	0.155
- Diluted	*8*	**0.479**	0.155

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2017	2016
	Unaudited	Unaudited
	(RMB'000)	*(RMB'000)*
Profit for the period	**2,306,092**	1,001,248
Other comprehensive income for the period		
Items that may be reclassified to profit or loss		
- Currency translation differences	**(5,857)**	(10,811)
Other comprehensive income for the period, net of tax	**(5,857)**	(10,811)
Total comprehensive income for the period	**2,300,235**	990,437
Total comprehensive income attributable to:		
Shareholders of the Company	**1,853,448**	596,064
Holders of the Perpetual Capital Securities	**241,116**	188,084
Non-controlling interests	**205,671**	206,289
	2,300,235	990,437

INTERIM CONSOLIDATED BALANCE SHEET

	Note	**As at 30 June 2017**	As at 31 December 2016
		Unaudited	Audited
		(RMB'000)	*(RMB'000)*
ASSETS			
Non-current assets			
Property, plant and equipment		**7,360,138**	7,309,147
Land use rights		**2,077,344**	2,029,966
Intangible assets		**146,142**	55,357
Investment properties	*4*	**6,223,773**	6,326,943
Goodwill		**918,967**	-
Properties under development		**14,443,113**	9,510,651
Interests in associates		**451,384**	114,461
Interests in joint ventures		**4,814,826**	4,624,663
Available-for-sale financial assets		**277,500**	277,500
Derivative financial instruments		**89,542**	254,497
Receivables from the associate and joint ventures	*10*	**7,767,248**	4,383,129
Deferred income tax assets		**743,748**	699,275
		45,313,725	35,585,589
Current assets			
Properties under development		**39,986,785**	36,706,691
Completed properties held for sale		**11,441,721**	13,976,133
Prepayments for acquisition of land use rights		**5,085,853**	9,614,483
Trade and other receivables	*10*	**12,715,107**	11,462,643
Prepaid income taxes		**2,690,600**	1,760,871
Derivative financial instruments		**204,720**	307,870
Financial assets at fair value through profit or loss		**110,400**	-
Restricted cash		**9,963,514**	9,878,734
Cash and cash equivalents		**19,297,176**	12,431,884
		101,495,876	96,139,309
Total assets		**146,809,601**	131,724,898

INTERIM CONSOLIDATED BALANCE SHEET (Continued)

	Note	**As at 30 June 2017**	As at 31 December 2016
		Unaudited	Audited
		(RMB'000)	*(RMB'000)*
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium		**3,429,472**	4,290,028
Shares held for Share Award Scheme		**(156,588)**	(156,588)
Other reserves		**3,395,509**	3,092,833
Retained earnings		**28,945,657**	28,083,330
		35,614,050	35,309,603
Perpetual Capital Securities		**5,596,694**	5,597,503
Non-controlling interests		**3,637,729**	3,248,124
Total equity		**44,848,473**	44,155,230
LIABILITIES			
Non-current liabilities			
Borrowings		**33,025,014**	31,180,908
Deferred income tax liabilities		**1,171,500**	1,137,167
		34,196,514	32,318,075
Current liabilities			
Borrowings		**19,092,854**	12,815,016
Trade and other payables	*11*	**21,729,097**	21,101,960
Advanced proceeds received from customers		**16,309,130**	10,617,432
Current tax liabilities		**10,633,533**	10,717,185
		67,764,614	55,251,593
Total liabilities		**101,961,128**	87,569,668
Total equity and liabilities		**146,809,601**	131,724,898

Notes :

1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with Hong Kong Accounting Standard 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 2016, 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 2016, 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) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(c) New standards, amendments to standards and interpretations adopted by the Group from 1 January 2017

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2017. The adoption of these amendments to standards does not have significant impact to the results or financial position of the Group.

Amendment to HKAS 12	Income taxes
Amendments to HKAS 7	Statement of cash flows
Amendments to HKFRS 12	Disclosure of interest in other entities

2 Accounting policies (continued)

(d) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group

	Effective for accounting periods beginning on or after
HKFRS15 “Revenue from contracts with customers”	1 January 2018
HKFRS 9 “Financial instruments”	1 January 2018
Amendments to HKFRS 4, Insurance contracts “Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts”	1 January 2018
Amendment to HKFRS 1, “First time adoption of HKFRS”	1 January 2018
Amendment to HKAS 28, “Investments in associates and joint ventures”	1 January 2018
HK (IFRIC) 22, “Foreign currency transactions and advance consideration”	1 January 2018
HKFRS 16 “Leases”	1 January 2019
Amendments to HKFRS 10 and HKAS 28 “Sale or contribution of assets between an investor and its associate or joint venture”	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group’s operations. According to the preliminary assessment made by the Directors, no significant impact on the financial performance and position of the Group is expected when they become effective except for HKFRS 15 and HKFRS 16.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction contracts, and the related Interpretations on revenue recognition. HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach: (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and (5) Recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an approach of transfer of risk and rewards to an approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers. Under HKFRS 15, an entity recognises revenue when a performance obligation is satisfied.

At this stage, the Group is not able to estimate the impact of HKFRS 15 on the Group’s financial statements. The Group will make more detailed assessments of the impact over the next six months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

2 Accounting policies (continued)

The Group is a lessee of certain offices and buildings, which are currently accounted for as operating leases under HKAS 17. Under HKFRS 16, lessees are required to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts in the statement of financial position. Lessees will also have to present interest expense on the lease liability and depreciation on the right-of-use asset in the income statement. In comparison with operating leases under HKAS 17, this will change not only the allocation of expenses but also the total amount of expenses recognised for each period of the lease term. The combination of a straight-line depreciation of the right-of-use asset and the effective interest rate method applied to the lease liability will result in a higher total charge to profit or loss in the initial years of the lease, and decreasing expenses during the latter part of the lease term. The new standard has included an optional exemption for certain short-term leases and leases of low-value assets. This exemption can only be applied by lessees. The Group is expected to apply the new standard starting from the financial year beginning on or after 1 January 2019.

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. Associates 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 from 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 2017 and 2016 are as follows:

Six months ended 30 June 2017

	Property development (RMB'000)	Property management (RMB'000)	Hotel operations (RMB'000)	Property investment (RMB'000)	Group (RMB'000)
Gross segment sales	**21,332,452**	**692,193**	**334,485**	**99,759**	**22,458,889**
Inter-segment sales	**-**	**(144,119)**	**-**	**-**	**(144,119)**
Sales to external customers	**21,332,452**	**548,074**	**334,485**	**99,759**	**22,314,770**
Fair value gains on investment properties	**-**	**-**	**-**	**27,990**	**27,990**
Operating profit/(loss)	**6,730,247**	**160,494**	**(66,432)**	**38,997**	**6,863,306**
Share of post-tax losses of associates	**(23,205)**	**-**	**-**	**-**	**(23,205)**
Share of post-tax losses of joint ventures	**(73,357)**	**-**	**-**	**-**	**(73,357)**
Segment result	**6,633,685**	**160,494**	**(66,432)**	**38,997**	**6,766,744**
Finance costs, net (note 6)					**(298,696)**
Profit before income tax					**6,468,048**
Income tax expenses (note 7)					**(4,161,956)**
Profit for the period					**2,306,092**
Depreciation	**45,367**	**4,153**	**183,667**	**-**	**233,187**
Amortisation of land use rights and intangible assets	**8,861**	**712**	**34,409**	**-**	**43,982**

3 Segment information (continued)

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	-	-	-	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 6)					(697,923)
Profit before income tax					2,244,108
Income tax expenses (note 7)					(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)

Segment assets and liabilities as at 30 June 2017 are as follows:

	Property development (RMB'000)	Property management (RMB'000)	Hotel operations (RMB'000)	Property investment (RMB'000)	Elimination (RMB'000)	Group (RMB'000)
Segment assets	**127,236,874**	**2,647,497**	**9,117,684**	**6,223,773**	**(2,255,237)**	**142,970,591**
Unallocated assets						**3,839,010**
Total assets						**146,809,601**
Segment assets include:						
Interests in associates	**451,384**	**-**	**-**	**-**		**451,384**
Interests in joint ventures	**4,814,826**	**-**	**-**	**-**		**4,814,826**
Segment liabilities	**34,450,288**	**1,717,633**	**4,088,926**	**36,617**	**(2,255,237)**	**38,038,227**
Unallocated liabilities						**63,922,901**
Total liabilities						**101,961,128**
Capital expenditure	**193,158**	**8,132**	**5,989**	**10,039**		**217,318**

Segment assets and liabilities as at 31 December 2016 are as follows:

	Property Development (RMB'000)	Property management (RMB'000)	Hotel operations (RMB'000)	Property investment (RMB'000)	Elimination (RMB'000)	Group (RMB'000)
Segment assets	113,775,622	1,827,997	9,286,959	6,326,943	(2,515,136)	128,702,385
Unallocated assets						3,022,513
Total assets						131,724,898
Segment assets include:						
Interests in associates	114,461	-	-	-		114,461
Interests in joint ventures	4,624,663	-	-	-		4,624,663
Segment liabilities	29,282,533	689,941	4,210,087	51,967	(2,515,136)	31,719,392
Unallocated liabilities						55,850,276
Total liabilities						87,569,668
Capital expenditure	849,135	4,485	230,036	-		1,083,656

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 income, prepaid income taxes and financial assets at fair value through profit or loss and derivative financial instruments. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment, land use rights for self-owned properties, investment properties and intangible assets.

4 Investment properties

	Six months ended 30 June	
	2017	2016
	(RMB'000)	*(RMB'000)*
Opening net book amount	**6,326,943**	6,369,011
Additions	**10,039**	-
Capitalised subsequent expenditure	**-**	17,935
Disposals	**(39,135)**	(10,160)
Transfer to property, plant and equipment	**(102,064)**	-
Fair value gains on investment properties	**27,990**	10,857
Closing net book amount	**6,223,773**	6,387,643

As at 30 June 2017, investment properties of RMB4,782,600,000 (31 December 2016: RMB4,722,483,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings.

5 Other income

	Six months ended 30 June	
	2017	2016
	(RMB'000)	*(RMB'000)*
Interest income	**146,086**	50,445
Forfeited deposits from customers	**16,338**	20,072
Miscellaneous	**76,535**	46,465
	238,959	116,982

6 Finance costs, net

	Six months ended 30 June	
	2017	2016
	(RMB'000)	*(RMB'000)*
Interest expense:		
- Bank borrowings, syndicated loans and other borrowings	**792,953**	758,831
- Senior notes	**461,383**	821,194
- PRC corporate bonds and asset-backed securities	**262,684**	72,040
Less: interest capitalised	**(994,807)**	(1,184,729)
Exchange (gains)/ losses from borrowings	**(461,022)**	356,979
Less: exchange losses capitalised	**-**	(43,690)
Losses/(gains) in fair value of derivative financial instruments	**237,505**	(82,702)
	298,696	697,923

7 Income tax expenses

	Six months ended 30 June	
	2017	2016
	(RMB'000)	*(RMB'000)*
Current income tax		
- PRC corporate income tax	**1,273,867**	818,221
- PRC land appreciation tax	**2,493,349**	531,521
- PRC withholding income tax	**426,561**	28,078
Deferred income tax		
- PRC corporate income tax	**(31,821)**	(134,960)
	4,161,956	1,242,860

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 period, 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 PRC (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.

7 Income tax expenses (continued)

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.

8 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	
	2017	2016
Profit attributable to shareholders of the Company *(RMB'000)*	**1,858,688**	603,632
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)*	**0.479**	0.155

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 2017 and 2016, there was no diluted potential ordinary share, diluted earnings per share equaled to basic earnings per share.

9 Dividend

A final dividend in respect of 2016 of HKD0.20 per ordinary share and a special dividend of HKD0.25 per ordinary share, approximately HKD1,762,671,000 in total (equivalent to RMB1,562,661,000) was declared at the Annual General Meeting of the Company on 8 May 2017, of which HKD15,512,000 (equivalent to RMB13,660,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings and the special dividend has been distributed out of the Company's share premium.

An interim dividend in respect of the six months ended 30 June 2017 of HKD0.22 per ordinary share, approximately HKD861,750,000 (equivalent to RMB740,881,000 was declared by the Board of Directors of the Company (2016 : Nil).

10 Trade and other receivables

	30 June 2017 *(RMB'000)*	31 December 2016 *(RMB'000)*
Trade receivables (note (a))	**3,835,375**	3,601,167
Other receivables due from:		
- Joint ventures	**6,481,828**	3,714,038
- An associate	**2,972,144**	3,210,646
- Third parties	**4,028,177**	3,167,764
Prepaid valued-added taxes and other taxes	**312,656**	274,432
Deposits for acquisition of land use rights	**2,497,393**	1,580,371
Prepayments	**354,782**	297,354
Total trade and other receivables	**20,482,355**	15,845,772
Less: other receivables due from associate and joint ventures - non-current portion	**(7,767,248)**	(4,383,129)
Trade and other receivables - current portion	**12,715,107**	11,462,643

As at 30 June 2017, the fair value of trade and other receivables approximated their carrying amounts.

Note:

(a) Trade receivables mainly arose from sales of properties. Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. As at 30 June 2017 and 31 December 2016, the ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2017 *(RMB'000)*	31 December 2016 *(RMB'000)*
Within 90 days	**2,844,206**	2,906,859
Over 90 days and within 365 days	**834,306**	486,534
Over 365 days and within 2 years	**19,729**	88,665
Over 2 years	**137,134**	119,109
	3,835,375	3,601,167

11 Trade and other payables

	30 June 2017 *(RMB'000)*	31 December 2016 *(RMB'000)*
Trade payables (note (a))	**12,916,555**	12,473,834
Other payables due to:		
- Related parties	**2,876,920**	3,086,633
- Third parties	**4,020,956**	3,208,254
Staff welfare benefit payable	**100,116**	279,262
Accruals	**986,052**	1,273,651
Other taxes payable	**828,498**	780,326
	21,729,097	21,101,960

Note:

(a) The ageing analysis of trade payables of the Group based on invoice date as at 30 June 2017 and 31 December 2016 is as follows:

	30 June 2017 *(RMB'000)*	31 December 2016 *(RMB'000)*
Within 90 days	**10,823,505**	10,732,805
Over 90 days and within 180 days	**1,727,753**	1,402,486
Over 180 days and within 365 days	**265,938**	250,759
Over 365 days	**99,359**	87,784
	12,916,555	12,473,834

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the Review Period, the Group's revenue was RMB22,315 million, representing a decrease of 1.1% when compared with RMB22,558 million in the corresponding period of 2016. The operating profit was RMB6,863 million, representing an increase of 133.5% when compared with RMB2,939 million in the corresponding period of 2016. Profit attributable to shareholders of the Company was RMB1,859 million, representing an increase of 207.9% when compared with RMB604 million in the corresponding period of 2016.

Land bank

In line with the Group's long-term development strategy, the Group continued to adopt its strategic land replenishment plan through the Review Period while optimising the land bank in accordance with the development needs and market conditions. As at 30 June 2017, the Group has a land bank with a total planned GFA of 31.63 million sq.m. in 45 cities and districts 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, Kuala Lumpur of Malaysia and South San Francisco of US. The average land cost was RMB1,854 per sq.m., which was competitive.

During the Review Period, the Group adopted a more active yet prudent land acquisition strategy and increased its land bank by acquiring a total planned GFA of 3.42 million sq.m., in which the Group's total attributable planned GFA was 2.62 million sq.m. in cities and districts including Changzhou, Chongqing, Haikou, Lingshui, Xi'an, Yangzhou, Zhenjiang and Zhongshan by way of tender, auction, listing-for-sale and equity acquisition. Total consideration attributable by the Group was RMB10,100 million. Among which, Haikou was the newly explored markets of the Group.

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

Land parcel name	City/District	Attributable Interest (%)	Total Planned GFA (sq.m.)
Southern China Region			
Site in Sanjiao Town, Zhongshan	Zhongshan	50	823,803
Site in Huashengtang, Zhongshan	Zhongshan	50	122,596
Site in Bosheng, Zhongshan	Zhongshan	50	118,564
Site in Wenhua, Zhongshan	Zhongshan	50	71,986
Site in Shenzhong, Zhongshan	Zhongshan	50	451,795
Eastern China Region			
Site in Honour & Glory, Changzhou	Changzhou	100	286,608
Site in Hanjiang District, Yangzhou	Yangzhou	100	141,630
Site in Xiaomi Hill Road, Zhenjiang	Zhenjiang	100	128,860
Western China Region			
Site in Fengdong New Town, Xi'an	Xi'an	51	168,748
Site in Liangjiang New District, Chongqing	Chongqing	100	362,486
Hainan and Yunnan Region			
Site in Hainan Clearwater Bay	Lingshui	100	36,044
Site in Golden Bay, Haikou, Hainan	Haikou	60	704,451

Property development and sales

During the Review Period, total recognised sales from property development of the Group was RMB21,332 million, representing a decrease of 1.4% when compared with RMB21,635 million in the corresponding period of 2016. The total recognised GFA sold was 2,002,934 sq.m., representing a decrease of 15.1% when compared with the corresponding period of 2016. The recognised average selling price increased by 16.2% to RMB10,651 per sq.m. in the first half 2017 from RMB9,167 per sq.m. in the first half of 2016.

Property management

During the Review Period, revenue from property management of the Group was RMB548 million, representing an increase of 15.3% when compared with RMB475 million in the corresponding period of 2016. Operating profit from property management business was RMB160 million, representing an increase of 75.7% when compared with RMB91 million in the corresponding period of 2016. The growth was mainly attributable to an increase in the total contracted GFA under management to 70.54 million sq.m. (in the corresponding period of 2016: 53.46 million sq.m.).

Hotel operations

During the Review Period, revenue from hotel operations of the Group was RMB334 million, representing a decrease of 4.9% when comparable with RMB352 million in the corresponding period of 2016. It was primarily attributable to the revenue generated from Shanghai Marriott Hotel City Centre, Raffles Hainan, Sheraton Bailuhu Resort Huizhou Hotel and Howard Johnson Agile Plaza Chengdu.

Property investment

During the Review Period, revenue from property investment of the Group was RMB100 million, representing an increase of 4.0% when compared with RMB96 million in the corresponding period of 2016. The increase was mainly due to the increase in the unit rental rate and occupancy rate for the year.

Cost of sales

During the Review Period, cost of sales of the Group was RMB13,991 million, representing a decrease of 22.5% when compared with RMB18,043 million in the corresponding period of 2016. The decrease was mainly due to the decrease of 15.1% of total recognised GFA sold when compared with the corresponding period of 2016, which led to the decrease in the cost of property sales.

Gross profit

During the Review Period, gross profit of the Group was RMB8,324 million, representing an increase of 84.4% when compared with RMB4,515 million in the corresponding period of 2016. During the Review Period, gross profit margin of the Group was 37.3%, representing an increase of 17.3 percentage points when compared with 20.0% in the corresponding period of 2016. The increase in gross profit margin was mainly attributable to the increased weightings by projects with higher profitability.

Other losses, net

During the Review Period, the other losses of the Group was RMB77 million, It was mainly attributable to the net exchange loss of translation of financial assets and liabilities except for borrowings, which are denominated in foreign currency into Renminbi at the prevailing period-end exchange rate.

Other income

During the Review Period, other income of the Group was RMB239 million, representing an increase of 104.3% when compared with RMB117 million in the corresponding period of 2016, which was mainly due to the increase of interest income.

Selling and marketing costs

During the Review Period, selling and marketing costs of the Group recorded was RMB823 million, representing a decrease of 20.2% when compared with RMB1,031 million in the corresponding period of 2016, which was mainly attributable to the Group's effective control of selling and marketing costs and the change of selling and marketing strategy.

Administrative expenses

During the Review Period, administrative expenses of the Group was RMB739 million, representing an increase of 13.8% when compare with RMB649 million in the corresponding period of 2016, which was mainly attributable to the increase of professional and consultancy service fee incurred for the Group's business expansion.

Other expenses

During the Review Period, other expenses of the Group was RMB89 million, representing an increase of RMB60 million when compared with RMB29 million in the corresponding period of 2016. Meanwhile, charitable donations of the Group was RMB35 million (in the corresponding period of 2016: RMB9 million).

Finance costs, net

During the Review Period, the net finance cost of the Group was RMB299 million, representing a decrease of 57.2% when compared with RMB698 million in the corresponding period of 2016, largely because of the exchange gains booked. Since 2016, the Group has adopted hedging strategies to reduce its exposure to exchange rate risk arising from USD-and HKD-denominated debts. During the Review Period, the Group recorded a net exchange gain of RMB224 million, which included a net loss on the change in fair value of foreign exchange derivative of RMB238 million. This compares with a net exchange loss of RMB231 million in the corresponding period of 2016. The foreign exchange gain in the Review Period was primarily because of the appreciation of the RMB against the USD and HKD, offset partially by the corresponding accounting loss from the hedging instruments.

Share of post-tax losses of associates

During the Review Period, the share of post-tax losses in Guangzhou Li He Property Development Company Limited (廣州利合房地產開發有限公司) ("Li He", an associate in which the Group holds 26.66% equity interest) and Oyster Point Development LLC ("Oyster Point", an associate in which the Group holds 10.0% equity interest) was RMB23 million (in the corresponding period of 2016: RMB3 million).

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

During the Review Period, share of post-tax losses of joint ventures recorded by the Group was RMB73 million , representing a decrease of RMB79 million when compared with share of post-tax gains of RMB6 million in the corresponding period of 2016.

Profit attributable to shareholders

During the Review Period, profit attributable to shareholders of the Group was RMB1,859 million, representing an increase of 207.9% when compared with RMB604 million in the corresponding period of 2016.

Liquidity, financial and capital resources

Cash position and fund available

As at 30 June 2017, the total cash and bank balances of the Group were RMB29,261 million (31 December 2016: RMB22,311 million), comprising cash and cash equivalents of RMB19,297 million (31 December 2016: RMB12,432 million) and restricted cash of RMB9,964 million (31 December 2016: RMB9,879 million).

Some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 30 June 2017, the Group's undrawn borrowing facilities were RMB2,786 million (31 December 2016: RMB2,400 million).

Borrowings

As at 30 June 2017, the Group's total borrowings amounted to RMB52,118 million, of which bank borrowings and other borrowings, senior notes, PRC corporate bonds and asset-backed securities ("ABS") amounted to RMB35,972 million, RMB6,695 million and RMB9,451 million respectively.

Repayment schedule	**As at 30 June 2017 (RMB million)**	As at 31 December 2016 (RMB million)
Bank borrowings and other borrowings		
Within 1 year	**17,201**	5,778
Over 1 year and within 2 years	**7,081**	6,545
Over 2 years and within 5 years	**6,715**	3,768
Over 5 years	**4,975**	4,695
Subtotal	**35,972**	**20,786**
Senior notes		
Within 1 year	**-**	6,832
Over 1 year and within 2 years	**3,348**	-
Over 2 years and within 5 years	**3,347**	6,843
Subtotal	**6,695**	**13,675**
PRC corporate bonds and ABS		
Within 1 year	**1,892**	205
Over 1 year and within 2 years	**4,575**	4,321
Over 2 years and within 5 years	**2,984**	5,009
Subtotal	**9,451**	**9,535**
Total	**52,118**	**43,996**

As at 30 June 2017, the Group's bank borrowings (including syndicated loans) of RMB15,813 million (31 December 2016: RMB9,335 million) and other borrowings of RMB7,625 million (31 December 2016: RMB2,365 million) were secured by its land use rights, self-used properties, properties held for sale, properties under development, investment properties and the shares of subsidiaries. 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 RMB1,968 million as at 30 June 2017 (31 December 2016: RMB2,708 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 2017, the gearing ratio was 51.0% (31 December 2016: 49.1%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in Hong Kong dollars, United States dollars and Malaysian Ringgit, and the Group's certain senior notes and bank borrowings were mainly denominated in United States dollars and Hong Kong 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 and Hong Kong dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimise 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.

In order to reduce risks arising from exchange rate movements in USD-and HKD-denominated debts, the Group reduced the percentage of foreign currency borrowings during the Review Period. As at 30 June 2017, the Group had outstanding USD-and HKD-denominated borrowings amounted to RMB15,480 million (31 December 2016: RMB18,919 million). The Group had outstanding capped forward contracts of USD1,505 million and HKD4,450 million, approximately RMB14,058 million in total (31 December 2016: USD1,605 million and HKD4,450 million, approximately RMB15,114 million in total). Proportion of hedged USD-and HKD-denominated debts was 90.8% (31 December 2016: 79.9%).

Cost of borrowings

During the Review Period, the total cost of borrowings of the Group was RMB1,517 million, representing a decrease of RMB135 million when compared with RMB1,652 million in corresponding period of 2016. The decrease was mainly attributable to lower borrowing rate in 2017 compared to 2016. Taking into consideration of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the period was 6.35% (In 2016 : 7.64%).

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 2017, the outstanding guarantees amounted to RMB35,269 million (31 December 2016: RMB33,294 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 taking possession of the relevant property; and (ii) the satisfaction of relevant mortgage loans by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying 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.

The Company and the other three PRC real estate developers have provided certain guarantees, in proportion to their shareholding in Li He, in respect of loan facilities of Li He amounting to RMB2,480 million (31 December 2016: RMB5,080 million), the Group's share of the guarantee amounted to RMB661 million (31 December 2016: RMB1,016 million). Several subsidiaries of the Group and joint venture parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB4,882 million (31 December 2016: RMB4,810 million). The Group's share of the guarantees amounted to RMB1,266 million (31 December 2016: RMB1,280 million).

Commitments

As at 30 June 2017, the commitments of the Group in connection with the property development activities were RMB18,514 million (31 December 2016: RMB21,013 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB2,883 million (31 December 2016: RMB762 million). The Group has also committed to pay an amount of USD865 million (equivalent to RMB5,862 million) for the purpose of acquisition of additional equity interest in a subsidiary (31 December 2016: nil).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

(1) On 29 March 2017, Zhongshan Yajing Real Estate Development Co., Ltd. (中山市雅景房地產開發有限公司) ("Zhongshan Yajing") (an indirect wholly-owned subsidiary of the Company) entered into a cooperative framework agreement with Zhongshanshi Shiguang Chuangjian Group Company Limited (中山市世光創建集團有限公司) ("Shiguang Chuangjian"), Zheng Zihong (鄭子宏) ("Mr. Zheng") and Wu Zhangjin (吳章錦) ("Mr. Wu"), independent third parties, pursuant to which Zhongshan Yajing has agreed to jointly develop 8 projects situated in different locations in Zhongshan area with a total land area of 660,859 square metres for a total amount of approximately RMB2,770 million ("Total Amount").

Pursuant to the cooperative framework agreement, Zhongshan Yajing will carry out equity cooperation with Shiguang Chuangjian, Mr. Zheng and Mr. Wu by way of provision of the Total Amount to the project companies to develop the 8 projects situated in different locations in Zhongshan area and thereby to own 50% equity interests in each of them.

(2) On 9 May 2017, Crown Golden Investments Limited (冠金投資有限公司) ("Crown Golden"), a subsidiary of the Company, as the purchaser entered into a sale and purchase agreement with, among others, the non-controlling interest shareholder of Crown Golden as the seller, pursuant to which Crown Golden would repurchase 30% of its issued shares held by the non-controlling interest shareholder at a consideration of USD900,000,000 and cancel the same shares subsequently. Upon completion, Crown Golden would become a wholly-owned subsidiary of the Company. As at 30 June 2017, Crown Golden already paid USD35,000,000 (equivalent to RMB241,346,000) as a deposit. This share repurchase transaction was approved by the shareholders of the Company on the Extraordinary General Meeting held on 17 July 2017, and was completed on 20 July 2017 after settling the remaining consideration of USD865,000,000 (equivalent to RMB5,862,278,000).

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2017, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

Employees and remuneration policy

As at 30 June 2017, the Group had a total of 14,497 employees, among which 142 were senior management and 611 were middle management. By geographical locations, there were 14,439 employees in mainland China and 58 employees in Hong Kong, Macau and Malaysia. For the year ended 30 June 2017, the total remuneration costs, including directors' remuneration, were RMB745 million (in the corresponding period of 2016: RMB830 million).

The remuneration policy of the Group is determined with reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK22.0 cents (2016: Nil) per ordinary share payable in cash to shareholders of the Company. Interim dividend will be payable on Thursday, 28 September 2017 to the shareholders whose names appear on the register of members of the Company on Wednesday, 20 September 2017.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Monday, 18 September 2017 to Wednesday, 20 September 2017 (both days inclusive), during such period no transfer of shares will be effected. To qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 15 September 2017.

REVIEW OF ACCOUNTS

The Company's audit committee had reviewed the interim results of the Group for the six months ended 30 June 2017.

The interim results of the Group for the six months ended 30 June 2017 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 (the "Stock Exchange") ("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 2017.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2017, the Company has complied with all code provisions of the Corporate Governance Code and Corporate Governance Report ("Corporate Governance 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 Corporate Governance 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 the present composition of the Board, Chen Zhuo Lin's in-depth knowledge 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, 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 28 February 2017, the Company redeemed an aggregate principal amount of RMB2,000 million, representing all its outstanding 6.5% senior notes due 2017 at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

On 20 March 2017, the Company redeemed an aggregate principal amount of USD700 million, representing all its outstanding 9.875% senior notes due 2017 at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

Save as disclosed above, during the six months ended 30 June 2017, 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, THE STOCK EXCHANGE AND SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

This announcement is published on the respective websites of the Company (www.agile.com.cn), the Stock Exchange (www.hkex.com.hk) and Singapore Exchange Securities Trading Limited (www.sgx.com). The interim report of the Company for the six months ended 30 June 2017 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, 28 August 2017

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*