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## 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 2020

#### HIGHLIGHTS

	For the six months ended 30 June		Change
	<u>2020</u>	<u>2019</u>	
Revenue ( <i>RMB million</i> )	<b>33,527</b>	27,114	<b>+23.7%</b>
Gross profit ( <i>RMB million</i> )	<b>11,520</b>	8,220	<b>+40.2%</b>
Profit for the period ( <i>RMB million</i> )	<b>6,339</b>	5,894	<b>+7.6%</b>
Core net profit for the period* ( <i>RMB million</i> )	<b>6,518</b>	4,807	<b>+35.6%</b>
Profit attributable to shareholders of the Company ( <i>RMB million</i> )	<b>5,127</b>	5,077	<b>+1.0%</b>
Core net profit attributable to shareholders of the Company* ( <i>RMB million</i> )	<b>5,306</b>	3,992	<b>+32.9%</b>
Basic earnings per share ( <i>RMB</i> )	<b>1.321</b>	1.308	<b>+1.0%</b>
Interim Dividend per share ( <i>HK cents</i> )	<b>50.0</b>	60.0	<b>-16.7%</b>

\* excluding fair value gains on investment properties, net exchange differences, fair value gains on derivative financial instruments, fair value gains on financial assets at fair value through profit or loss and the related tax effect.

## Operational Highlights

- During the Review Period, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group is RMB55,100 million. The performance was in line with the Group’s expectation. The corresponding GFA is 4.049 million sq.m., and the average selling price is RMB13,608 per sq.m.. During the Review Period, the Group had a total of 195 projects available for sale, including 27 newly launched projects.
- During the Review Period, the Group’s revenue was RMB33,527 million, representing a year-on-year increase of 23.7%. The Group’s revenue from recognised sales of property development reached RMB29,310 million, representing a year-on-year increase of 18.7%. Revenues from property development business and diversified businesses accounted for 87.4% and 12.6% respectively. The proportion of diversified businesses’ revenue increased year-on-year by 3.6 percentage points, reflecting the sustained effectiveness of the Group’s operating model of “focusing on property development, supported by a diversified range of businesses”.
- During the Review Period, the overall gross profit margin of the Group was 34.4%, representing a year-on-year increase of 4.1 percentage points. In addition, the margin of core net profit of the Group for the period and the margin of core net profit attributable to shareholders of the Company were 19.4% and 15.8% respectively, representing a year-on-year increase of 1.7 percentage points and 1.1 percentage points respectively.
- During the Review Period, the Group’s revenues from property management and environmental protection business increased year-on-year by 111.1% and 68.5% respectively.
- During the Review Period, the Group was dedicated to expanding its nationwide presence through strategically acquiring 20 new projects by means of tender, auction, listing-for-sale, land application and equity acquisition. The total planned GFA of the new projects was 3.75 million sq.m.. The total consideration of the new projects was RMB13.9 billion, with an average land cost of GFA of approximately RMB3,718 per sq.m.. As at 30 June 2020, the Group has a land bank with a total planned GFA of 53.03 million sq.m. in 81 cities.
- As at 30 June 2020, the total cash and bank balances of the Group were RMB46,407 million.

## **CHAIRMAN’S STATEMENT**

### **Dear Shareholders,**

I am pleased to present the interim results for Agile Group Holdings Limited (“Agile” or the “Company”) and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2020 (the “Review Period”).

### **Results and Dividends**

For the Review Period, revenue of the Group amounted to RMB33,527 million, representing a year-on-year increase of 23.7%. Gross profit amounted to RMB11,520 million, representing a year-on-year increase of 40.2%. The Group’s overall gross profit margin was 34.4%, a year-on-year rise of 4.1 percentage points. During the Review Period, core net profit for the period of the Group and core net profit attributable to shareholders of the Company were RMB6,518 million and RMB5,306 million respectively, representing a year-on-year increase of 35.6% and 32.9% respectively. The margin of core net profit for the period of the Group and the margin of core net profit attributable to shareholders of the Company were 19.4% and 15.8% respectively, representing a year-on-year increase of 1.7 percentage points and 1.1 percentage points respectively. Profit attributable to shareholders amounted to RMB5,127 million, representing a year-on-year increase of 1.0%.

For the six months ended 30 June 2020, revenue from recognised sales of property development was RMB29,310 million, representing a year-on-year increase of 18.7%. Revenues from property development business and diversified businesses accounted for 87.4% and 12.6% respectively. The proportion of revenue from diversified businesses increased year-on-year by 3.6 percentage points. The rise reflects the sustained effectiveness of the Group’s operating model of “focusing on property development, supported by a diversified range of businesses”.

The Company’s board of directors (the “Board”) has declared an interim dividend of HK50.0 cents per share for the six months ended 30 June 2020 (six months ended 30 June 2019: HK60.0 cents).

### **Business Review**

During the Review Period, the rapid spread of the novel coronavirus (“COVID-19”) worldwide caused unprecedented impact on the global economy. The central banks of many major economies have made vigorous efforts to solve the crisis and launched a number of extensive economic stimulus policies to rescue the market. According to market opinions, with the gradual resumption of economic activities in major economies including Europe and the United States, the effect of easing fiscal and monetary policies will show gradually. However, given uncertainties such as the pandemic and geopolitics, the pace of economic recovery is affected in various countries.

The pandemic has been gradually under control in China since the second quarter of 2020, and all sectors have resumed operation. According to the National Bureau of Statistics, the gross domestic product of China for the first half of the year decreased by 1.6% year on year, while the gross domestic product for the second quarter increased by 3.2%, which was a reversal of a 6.8% contraction in the first quarter, beating market expectation.

The Central Government continues to uphold the guideline of “houses are for living in, not for speculation” and implemented the goal of “stabilising land and housing prices and market expectations”. During the Review Period, The People’s Bank of China announced three cuts of the reserve requirement ratio, unlocking approximately RMB1.75 trillion long-term funds. The benchmark lending rate was adjusted downward twice. The economy of China as a whole advanced steadily. The Group continued to seize opportunities in China’s stable property market and adhere to its operating model of “focusing on property development, supported by a diversified range of businesses”.

### **Pre-sale Performance in Line with Expectation**

During the Review Period, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group amounted to RMB55,100 million, representing 46% of the Group’s pre-sale target for 2020. The corresponding GFA is 4.049 million sq.m., while the average selling price is RMB13,608 per sq.m.. This performance was in line with the Group’s expectation.

In view of the economic recovery in each region, the Group actively introduced diversified online and offline sales strategies. During the Review Period, the Group achieved satisfactory pre-sale results in Southern China, Eastern China, Hainan and Yunnan and Northern China regions. The value of saleable resources exceeded RMB220 billion for the year of 2020, with more than 200 projects for sale across a number of cities in China and Overseas, generating stable long-term revenue streams for the Group. The Group strived to expand industry-city integration projects, further consolidating its diverse portfolio of property projects.

### **Prudent Replenishment of Land Bank in Existing Regions**

During the Review Period, the Group diversified its land acquisition channels to strengthen its business presence. The Group strategically obtained 20 new high-quality projects through tender, auction, listing-for-sale, land application and equity acquisitions, further consolidating its foothold on property development business. The total planned GFA of the new land parcels was 3.75 million sq.m.. The total consideration of the new land parcels was RMB13.9 billion, with an average land cost of RMB3,718 per sq.m.. As at 30 June 2020, the Group had a land bank with total planned GFA of 53.03 million sq.m. in a total of 81 cities.

The Group held 13.11 million sq.m. of land bank, which accounted for 24.7% of its total land bank, in the Guangdong-Hong Kong-Macao Greater Bay Area (the “Greater Bay Area”). Following the Central Government’s announcement of implementation opinions and action plans related to the development of the Greater Bay Area, the Group remains ideally positioned to benefit from the enormous potential for future development. In addition, the Group held 7.08 million sq.m. of land bank in the Yangtze River Delta, which accounted for 13.3% of its total land bank, with the accumulated number of development projects exceeding 50. The Group will continue to expand its market share in the Yangtze River Delta, thereby generating stable long-term revenue streams for the Group.

## **Diversified Businesses Prospering**

In respect of diversified businesses, the Group's property management, environmental protection, ecological landscaping services and intelligent home and decoration services, urban renewal, real estate construction management and commercial business (including hotel operations and investment properties) continued to capitalise on synergies. During the Review Period, the Group's property management and environmental protection business recorded a year-on-year revenue growth of 111.1% and 68.5% respectively. The diversified businesses prospered across the board.

## **Successful Acquisition of CMIG PM by A-Living**

In continuing to implement a dual-branded development strategy emphasising both "Agile Property Management" and "Greenland Property Services" and actively drive growth through third-party developers as well as mergers and acquisitions, A-Living Services Co., Ltd. (雅居樂雅生活服務股份有限公司) ("A-Living") was able to further accelerate its business scale expansion. During the Review Period, A-Living completed the consolidation of one of the largest acquisitions in the industry so far, in which it acquired 60% equity interest in CMIG Futurelife Property Management Limited ("CMIG PM") and its subsidiaries to optimise its business portfolio layout and nationwide coverage, achieving leap-frog growth in scale. Upholding the principles of "management, service, empowerment and synergy", through the public services segment, A-Living enabled systematic management and targeted empowerment in acquired companies in the areas of investment and expansion, information system, benchmarking assessment, value-added services, incentive scheme and standard formulation, so as to achieve high-level integration in terms of business operation and corporate culture. With its increasing comprehensive strength and brand influence, the ranking of A-Living in the industry rose significantly by securing a foothold in the top five, and it ranked the 4th of the "2020 Top 100 Property Management Companies in China" by the China Index Academy. Also, being highly recognised by the capital market, A-Living has been included in the Hang Seng Composite Index, and eligible stocks for Shenzhen-Hong Kong Stock Connect, etc. during the Review Period.

As of 30 June 2020, the GFA under management and contracted GFA of A-Living (excluding GFA of consultant projects and its associates) were 353.4 million sq.m. and 491.3 million sq.m. in total, respectively. The contracted GFA from Agile Group and Greenland Holdings amounted to 78.1 million sq.m. and 48.4 million sq.m., respectively, representing an increase of 1.4% and 20.7% respectively as compared with that as of 31 December 2019. The contracted GFA from projects of Agile Group and Greenland Holdings accounted for 25.7% of the total contracted GFA. The contracted GFA from third-party developers (including contribution from M&A) amounted to 364.8 million sq.m. in total and the newly increased contracted GFA exceeded 183.1 million sq.m., representing a significant increase of 100.8% as compared with that as of 31 December 2019, and accounting for 74.3% of the total contracted GFA, representing a significant year-on-year growth as well. Including GFA of associates and GFA of consultant projects, the GFA under management and contracted GFA of the Group exceeded 500 million sq.m. and 600 million sq.m. respectively.

## **Proposed Spin-off and Listing of A-City**

On 24 June 2020, the Group announced the proposed spin-off and separate listing of the shares of A-City Group Limited (“A-City”) on the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Upon completion of the proposed spin-off and listing, the Company is expected to have an interest of not less than 50% in A-City and A-City will remain as a subsidiary of the Company. After years of development, A-City has become a leading ecological habitat service provider in China, mainly engaged in the provision of ecological landscaping services and intelligent home and decoration services. As at 31 December 2019, A-City had presence in 119 cities in 27 provinces across China.

## **Continuous Growth in Revenue from Environmental Protection Business**

The Group continues to consolidate its nationwide presence of its hazardous waste treatment projects, while making active efforts to drive the development of its landfill, water treatment and domestic waste-to-energy projects. As at 30 June 2020, the environmental protection business had 45 projects, including 33 hazardous waste treatment projects, 5 domestic waste-to-energy projects, 3 integrated industrial park projects and 4 water treatment projects. During the Review Period, revenue generated by the environmental protection business amounted to RMB799 million, representing a year-on-year increase of 68.5%. The environmental protection business generated continuously growth in the income for the Group.

## **Value of Saleable Resources of Real Estate Construction Management Business Exceeding RMB100 Billion**

As of 30 June 2020, the real estate construction management business had contracted an accumulated total of 28 agent construction projects. The value of saleable resources exceeded RMB100 billion. As one of the Group’s asset-light businesses, the real estate construction management business had preliminarily established nationwide presence, including major city clusters such as Greater Bay Area, the Yangtze River Delta, Chengdu-Chongqing, Central and Western China, and Beijing-Tianjin-Hebei. The business has completed a number of landmark projects in 24 cities in 12 provinces and municipalities including Chongqing, Guangdong, Hebei, Jiangsu and Sichuan, etc.. With industry-leading competitiveness, the real estate construction management business has created a new area of profit growth for the Group.

## **Establishment of Urban Renewal Group**

The Group has been developing its urban renewal business since 2017 and expanding related developments such as old village redevelopment, old factory redevelopment, urban redevelopment and shanty town redevelopment. During the Review Period, the Group formally established the Urban Renewal Group. Adhering to its positioning as an “integrated urban renewal operator”, the Urban Renewal Group strived to achieve a harmonious development of the city, where residents can enjoy life, and all parties have a sustainable and mutually beneficial future. As at 30 June 2020, the Urban Renewal Group has signed 13 cooperation agreements, with businesses covering 6 provinces and municipalities across the country, including the Greater Bay Area and Northern China and Central China. As at 30 June 2020, the Urban Renewal Group has secured planned GFA of over 7 million sq.m., with a locked-in saleable resources of nearly RMB240 billion.

## **Sound Financial Strategy and Diversified Financing Channels**

The Group makes efforts to accelerate its sales turnover, strengthen capital and budget management, optimise cost and expense control, and optimise its debt structure through a number of financing channels. During the Review Period, the Group announced the issuance of USD500 million 5.75% senior notes due 2025 and was granted a facility agreement comprising an initial amount of HKD3,242,000,000 (with a greenshoe option of USD600 million or its HKD equivalent) with a term of 36 months. As at 30 June 2020, the Group's total cash and bank deposits amounted to RMB46,407 million.

## **Performing Good Corporate Governance**

The Group upholds the concept of “mutual communication for a win-win situation”. Subject to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and relevant laws, the Group maintains effective mutual communications from time to time and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis.

In the meantime, the Group makes active efforts to fulfill its corporate social responsibilities. The Group builds and operates every community according to its branding philosophy of “Empathy”. In delivering these promises, great importance is placed on supplier management, with a view to ensuring the provision of the high-quality product and service quality. The Group is also playing its part in environment protection and cares about the well-being of staff. Specific good corporate citizenship efforts also include promoting sustainable development in communities through supporting and participating in charity and community activities across areas such as environmental protection, medical care, education, culture and sports.

## **Prospects and Strategy**

In the second half of 2020, COVID-19 is still rampaging in Europe, the United States and a number of regions in Asia. The ability to prevent and control the pandemic varies from country to country. The pandemic has been gradually under control in China since the second quarter, and all sectors have resumed operation. The economy of China has been bottoming out and beating expectation. It is estimated that the economic growth of China will continue to recover in the second half of the year.

The pandemic has caused an impact on all industries to a certain extent. The sales of the real estate industry has also been affected by the adverse psychological impact of the pandemic on the public. As a result, the pre-sale value of the Group for the first quarter year-on-year dropped by nearly 40%. However, given the Group's active implementation of diversified online and offline sales strategies, coupled with the gradually unleashed purchasing power in each region, the Group's pre-sale for the second quarter year-on-year rose by 19%, successfully reversing the downward trend. To sum up the first half of 2020, the accumulated pre-sale value of the Group was RMB55.1 billion, with the year-on-year decrease narrowed to 5.3%, better than market expectation. In light of this, the Group will increase its sales efforts in the second half and is confident in achieving the full year pre-sale target of RMB120 billion.

The Group will keep monitoring the development of COVID-19 and assessing the impact of the pandemic on the Group's finance and operation. The Group will adjust its marketing plans and development strategies in a timely manner, with an aim to ensure the effective implementation of the business model of "focusing on property development, supported by a diversified range of businesses".

The Group remains confident about the future development of its business segments, and will continue to deliver steady growth by enhancing internal management capabilities, optimising operational management model, improving training system, reinforcing brand image and continuously upgrading product and service quality. While further enhancing market position, the Group will also strive to develop Agile into a century-long enterprise.

## **Acknowledgement**

On behalf of the Board, I would like to extend our heartfelt gratitude to our shareholders, customers and stakeholders for their unwavering support; and also to our staff members for their unstinting hard work in sustaining the Group's healthy growth.

**CHEN Zhuo Lin**

*Chairman and President*

Hong Kong, 21 August 2020



## RESULTS

Unaudited interim results for the six months ended 30 June 2020:

### INTERIM CONSOLIDATED INCOME STATEMENT

	Note	Six months ended 30 June	
		2020 Unaudited (RMB'000)	2019 Unaudited (RMB'000)
Revenue	3	33,527,374	27,114,425
Cost of sales		(22,006,936)	(18,894,381)
<b>Gross profit</b>		<b>11,520,438</b>	<b>8,220,044</b>
Selling and marketing costs		(952,070)	(958,789)
Administrative expenses		(1,713,554)	(1,390,459)
Net impairment losses on financial and contract assets		(98,127)	(58,835)
Other gains, net	4	2,831,959	4,721,982
Other income	5	777,584	577,400
Other expenses		(128,308)	(134,737)
<b>Operating profit</b>		<b>12,237,922</b>	<b>10,976,606</b>
Finance costs, net	6	(1,342,235)	(925,642)
Share of post-tax profits of investments accounted for using the equity method		491,115	150,288
<b>Profit before income tax</b>		<b>11,386,802</b>	<b>10,201,252</b>
Income tax expenses	7	(5,047,603)	(4,307,561)
<b>Profit for the period</b>		<b>6,339,199</b>	<b>5,893,691</b>
<b>Profit attributable to:</b>			
Shareholders of the Company		5,127,482	5,076,668
Holders of Perpetual Capital Securities		549,386	417,296
Non-controlling interests		662,331	399,727
		<b>6,339,199</b>	<b>5,893,691</b>
<b>Earnings per share from continuing operations attributable to the shareholders of the Company for the period</b> (expressed in Renminbi per share)			
- Basic	8	1.321	1.308
- Diluted	8	1.321	1.308

## INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>Unaudited</b>	Unaudited
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
<b>Profit for the period</b>	<b>6,339,199</b>	5,893,691
<b>Other comprehensive income for the period</b>		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
- Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	<b>(14,285)</b>	(25,588)
<i>Items that may be reclassified to profit or loss</i>		
- Currency translation differences	<b>(5,678)</b>	1,820
Other comprehensive income for the period, net of tax	<b>(19,963)</b>	(23,768)
<b>Total comprehensive income for the period</b>	<b><u>6,319,236</u></b>	<b><u>5,869,923</u></b>
<b>Total comprehensive income attributable to:</b>		
Shareholders of the Company	<b>5,116,925</b>	5,052,237
Holder of Perpetual Capital Securities	<b>549,386</b>	417,296
Non-controlling interests	<b>652,925</b>	400,390
	<b><u>6,319,236</u></b>	<b><u>5,869,923</u></b>

## INTERIM CONSOLIDATED BALANCE SHEET

		As at 30 June 2020	As at 31 December 2019
<i>Note</i>	<b>Unaudited</b>	<b>Audited</b>	
	<i>(RMB '000)</i>	<i>(RMB '000)</i>	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12,826,481	11,701,956	
Investment properties	8,758,449	8,495,950	
Right-of-use assets	3,035,280	3,077,209	
Goodwill	4,768,190	3,897,055	
Other intangible assets	2,248,889	1,578,192	
Investments accounted for using the equity method	15,643,349	14,711,189	
Prepayments for acquisition of equity interests	-	468,000	
Prepayments for acquisition of land use rights	15,000	-	
Properties under development	24,940,532	31,742,993	
Other receivables	8,061,018	5,182,026	
Financial assets at fair value through other comprehensive income	327,289	262,036	
Deferred income tax assets	1,122,912	1,350,770	
	<b>81,747,389</b>	<b>82,467,376</b>	
<b>Current assets</b>			
Properties under development	93,765,379	79,622,115	
Completed properties held for sale	14,700,594	13,447,730	
Inventories	352,589	343,029	
Prepayments for acquisition of land use rights	8,803,307	10,669,360	
Contract assets	2,654,043	1,379,556	
Trade and other receivables	44,154,531	35,360,168	
Prepaid income taxes	6,044,836	6,077,471	
Financial assets at fair value through profit or loss	3,179,522	1,008,031	
Assets held for sale	-	302,108	
Restricted cash	8,045,728	9,003,578	
Cash and cash equivalents	38,361,769	33,551,303	
	<b>220,062,298</b>	<b>190,764,449</b>	
<b>Total assets</b>	<b>301,809,687</b>	<b>273,231,825</b>	

## INTERIM CONSOLIDATED BALANCE SHEET (Continued)

	<b>As at 30 June 2020</b>	<b>As at 31 December 2019</b>
<i>Note</i>	<b>Unaudited (RMB'000)</b>	<b>Audited (RMB'000)</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to the shareholders of the Company</b>		
Share capital and premium	3,421,883	3,421,883
Shares held for Share Award Scheme	(156,588)	(156,588)
Other reserves	2,917,632	2,931,267
Retained earnings	<u>41,815,841</u>	<u>38,277,061</u>
	<b>47,998,768</b>	<b>44,473,623</b>
<b>Perpetual Capital Securities</b>	<b>13,633,418</b>	<b>13,566,867</b>
<b>Non-controlling interests</b>	<b>10,011,099</b>	<b>7,295,986</b>
<b>Total equity</b>	<b><u>71,643,285</u></b>	<b><u>65,336,476</u></b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	58,635,886	54,372,620
Trade and other payables	12 2,887,542	2,201,976
Financial liabilities at fair value through profit or loss	86,348	83,092
Lease liabilities	343,382	390,326
Deferred income tax liabilities	<u>3,838,847</u>	<u>3,179,780</u>
	<b>65,792,005</b>	<b>60,227,794</b>
<b>Current liabilities</b>		
Borrowings	40,302,885	42,297,082
Trade and other payables	12 68,685,404	53,917,720
Financial liabilities at fair value through profit or loss	13,981	53,684
Contract liabilities	38,466,785	33,653,950
Lease liabilities	185,266	182,411
Current income tax liabilities	<u>16,720,076</u>	<u>17,562,708</u>
	<b>164,374,397</b>	<b>147,667,555</b>
<b>Total liabilities</b>	<b><u>230,166,402</u></b>	<b><u>207,895,349</u></b>
<b>Total equity and liabilities</b>	<b><u>301,809,687</u></b>	<b><u>273,231,825</u></b>

Notes:

## 1 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2020 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 2019 and any public announcement made by the Company during the six months ended 30 June 2020.

## 2 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax (note 7) and the adoption of new and amended standards as set out below.

### (a) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the reporting period commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Revised Conceptual Framework for Financial Reporting
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7

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.

### (b) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2020 and have not been early adopted by the Group

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 16	Leases - Covid-19 related rent concessions	1 June 2020
Amendments to HKAS 1	Presentation of financial statements - classification of liabilities	1 January 2022
Amendments to HKFRS 3	Business combinations	1 January 2022
Amendments to HKAS 16	Property, plant and equipment	1 January 2022
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual improvements to HKFRS 1	First-time Adoption of HKFRS	1 January 2022
Annual improvements to HKFRS 9	Financial instruments	1 January 2022
HKFRS 17	Insurance contract	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	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.

### **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 five business segments: property development, property management, hotel operations, property investment and environmental protection. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the People's Republic of China (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.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Segment results for the six months ended 30 June 2020 and 2019 are as follows:

### 3 Segment information (Continued)

Six months ended 30 June 2020 (Unaudited)

	<b>Property development</b> <i>(RMB'000)</i> <i>(Note (a))</i>	<b>Property management</b> <i>(RMB'000)</i> <i>(Note (b))</i>	<b>Hotel operations</b> <i>(RMB'000)</i>	<b>Property investment</b> <i>(RMB'000)</i>	<b>Environmental protection</b> <i>(RMB'000)</i>	<b>Group</b> <i>(RMB'000)</i>
Gross segment sales	29,310,114	4,001,627	153,202	88,496	798,747	34,352,186
Inter-segment sales	-	(824,812)	-	-	-	(824,812)
Sales to external customers	29,310,114	3,176,815	153,202	88,496	798,747	33,527,374
Timing of revenue recognition						
- At a point in time	26,259,603	18,397	-	-	271,830	26,549,830
- Over time	3,050,511	3,158,418	153,202	88,496	526,917	6,977,544
Fair value gains on investment properties (note 10)	-	-	-	12,513	-	12,513
Operating profits/(losses)	11,326,517	718,735	(68,861)	69,693	191,838	12,237,922
Share of post-tax profits of investments accounted for using the equity method	466,396	21,974	-	-	2,745	491,115
Segment result	11,792,913	740,709	(68,861)	69,693	194,583	12,729,037
Finance costs, net (note 6)						(1,342,235)
Profit before income tax						11,386,802
Income tax expenses (note 7)						(5,047,603)
Profit for the period						6,339,199
Depreciation	84,432	44,068	123,526	-	75,258	327,284
Amortisation of right-of-use assets and intangible assets	87,196	59,440	25,319	-	34,282	206,237
Write-down of properties under development, completed properties held for sale and property, plant and equipment	306,704	-	9,880	-	-	316,584

### 3 Segment information (Continued)

Six months ended 30 June 2019 (Unaudited)

	<u>Property development</u> <i>(RMB'000)</i> <i>(Note (a))</i>	<u>Property management</u> <i>(RMB'000)</i> <i>(Note (b))</i>	<u>Hotel operations</u> <i>(RMB'000)</i>	<u>Property investment</u> <i>(RMB'000)</i>	<u>Environmental protection</u> <i>(RMB'000)</i>	<u>Group</u> <i>(RMB'000)</i>
Gross segment sales	24,685,054	2,241,228	352,862	97,810	474,078	27,851,032
Inter-segment sales	-	(736,607)	-	-	-	(736,607)
Sales to external customers	24,685,054	1,504,621	352,862	97,810	474,078	27,114,425
Timing of revenue recognition						
- At a point in time	24,336,757	6,157	-	-	12,945	24,355,859
- Over time	348,297	1,498,464	352,862	97,810	461,133	2,758,566
Fair value gains on investment properties (note 10)	-	-	-	1,870	-	1,870
Operating profits/(losses)	10,160,874	591,782	(70,941)	70,128	224,763	10,976,606
Share of post-tax profits of investments accounted for using the equity method	139,225	5,816	-	-	5,247	150,288
Segment result	10,300,099	597,598	(70,941)	70,128	230,010	11,126,894
Finance costs, net (note 6)						(925,642)
Profit before income tax						10,201,252
Income tax expenses (note 7)						(4,307,561)
Profit for the period						5,893,691
Depreciation	81,834	8,244	151,363	-	18,798	260,239
Amortisation of right-of-use assets and intangible assets	55,756	31,919	27,802	59	5,333	120,869
Write-down of completed properties held for sale and properties under development	523,728	-	-	-	-	523,728



### 3 Segment information (Continued)

Segment assets and liabilities and capital expenditure as at 30 June 2020 are as follow (Unaudited):

	<b>Property development</b> <i>(RMB'000)</i> <i>(Note (a))</i>	<b>Property management</b> <i>(RMB'000)</i> <i>(Note (b))</i>	<b>Hotel operations</b> <i>(RMB'000)</i>	<b>Property investment</b> <i>(RMB'000)</i>	<b>Environmental protection</b> <i>(RMB'000)</i>	<b>Elimination</b> <i>(RMB'000)</i>	<b>Group</b> <i>(RMB'000)</i>
Segment assets	245,617,518	12,711,067	11,991,854	8,758,449	17,637,563	(5,581,323)	291,135,128
Unallocated assets							10,674,559
Total assets							301,809,687
Segment assets include: Investments accounted for using the equity method	14,618,081	802,573	-	-	222,695	-	15,643,349
Segment liabilities	94,479,863	4,432,434	4,531,163	12,750	12,693,492	(5,581,323)	110,568,379
Unallocated liabilities							119,598,023
Total liabilities							230,166,402
Capital expenditure	171,475	751,788	77,892	-	1,294,160	-	2,295,315

Segment assets and liabilities and capital expenditure as at 31 December 2019 are as follow (Audited):

	<b>Property development</b> <i>(RMB'000)</i> <i>(Note (a))</i>	<b>Property management</b> <i>(RMB'000)</i> <i>(Note (b))</i>	<b>Hotel operations</b> <i>(RMB'000)</i>	<b>Property investment</b> <i>(RMB'000)</i>	<b>Environmental protection</b> <i>(RMB'000)</i>	<b>Elimination</b> <i>(RMB'000)</i>	<b>Group</b> <i>(RMB'000)</i>
Segment assets	224,299,039	8,618,143	11,475,325	8,495,950	17,433,296	(5,788,236)	264,533,517
Unallocated assets							8,698,308
Total assets							273,231,825
Segment assets include: Investments accounted for using the equity method	13,907,604	583,634	-	-	219,951	-	14,711,189
Segment liabilities	75,791,172	2,479,562	4,060,271	16,612	13,787,002	(5,788,236)	90,346,383
Unallocated liabilities							117,548,966
Total liabilities							207,895,349
Capital expenditure	1,007,291	718,523	368,150	52,430	4,218,372	-	6,364,766

### 3 Segment information (Continued)

Notes:

- (a) Property development segment mainly comprises the business units involved in development and sales of properties, provision of ecological landscaping services and intelligent home and decoration services.
- (b) Property management segment mainly comprises the business units involved in property management business operated by A-Living Services Co., Ltd.
- (c) There are no differences from the latest annual financial statements 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 prices.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, properties under development, completed properties held for sale, investment properties, receivables, contract assets and cash balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI"). Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at fair value through profit or loss.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets.

- (d) Assets recognised from incremental costs to obtain a contract

During the six months ended 30 June 2020, there was no significant incremental costs to obtain a contract (six months ended 30 June 2019: nil).

### 4 Other gains, net

	<b>Six months ended 30 June</b>	
	<b>2020</b>	<b>2019</b>
	<b>Unaudited</b>	<b>Unaudited</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Gains from disposal of subsidiaries	<b>1,812,304</b>	2,988,981
Remeasurement gains resulting from joint ventures transferred to subsidiaries	<b>825,314</b>	579,449
Fair value gains on financial assets at FVPL	<b>53,863</b>	882,667
Gains/(losses) on disposal of property, plant and equipment and investment properties	<b>67,306</b>	(11,597)
Gains from disposal of joint ventures	<b>40,796</b>	-
Fair value gains on investment properties	<b>12,513</b>	1,870
Gains on disposal of financial assets at FVPL	<b>24,908</b>	247,028
Exchange (losses)/gains, net (note (a))	<b>(32,804)</b>	9,433
Miscellaneous	<b>27,759</b>	24,151
	<b><u>2,831,959</u></b>	<b><u>4,721,982</u></b>

Note:

- (a) Amounts mainly represent the losses or gains of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gains or losses related to borrowings which are included in the "finance costs, net" (note 6).

**5 Other income**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>Unaudited</b>	Unaudited
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Interest income	455,827	340,306
Interest income from related parties	184,916	144,071
Government grants	99,624	38,320
Miscellaneous	37,217	54,703
	<u>777,584</u>	<u>577,400</u>

**6 Finance costs, net**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>Unaudited</b>	Unaudited
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Interest expenses:		
- Bank borrowings, syndicated loans and other borrowings	2,555,520	2,292,322
- Senior notes	616,687	592,132
- PRC corporate bonds, Assets-Backed Securities and Commercial Mortgage Backed Securities	428,033	434,712
- Lease liabilities	12,709	16,174
Less: interest and exchange losses capitalised	(2,623,775)	(2,433,342)
Exchange losses from borrowings	749,955	197,744
Changes in fair value of derivative financial instruments	(396,894)	(174,100)
	<u>1,342,235</u>	<u>925,642</u>

**7 Income tax expenses**

	<b>Six months ended 30 June</b>	
	<b>2020</b>	2019
	<b>Unaudited</b>	Unaudited
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Current income tax		
- PRC corporate income tax	2,356,433	1,952,522
- PRC land appreciation tax	1,859,747	1,322,293
- PRC withholding income tax	200,116	140,189
- Hong Kong profits tax	-	73,015
Deferred income tax		
- PRC corporate income tax	631,307	834,419
- Hong Kong profits tax	-	(14,877)
	<u>5,047,603</u>	<u>4,307,561</u>

Income tax expenses recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the six months ended 30 June 2020 is 31.2%, slightly lower than 32% for the six months ended 30 June 2019.

**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.

## 7 **Income tax expenses (continued)**

### **PRC corporate income tax (continued)**

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.

In 2018, certain subsidiaries of the Group obtained the Certificate of High-New Technical Enterprise. According to the Corporation Income Tax Law of the PRC, corporations which obtain the Certificate of High-New Technical Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to these companies during the period ended 30 June 2020 was 15% (six months ended 30 June 2019: 15%).

A subsidiary of the Group has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the period ended 30 June 2020. Certain subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% in certain years.

Certain subsidiaries of the Group in the PRC provide environmental protection services and these companies enjoy the policy of “Three exemption and three half corporate income tax”. Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% in certain years (six months ended 30 June 2019: 25%) .

### **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 from 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 fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the six months ended 30 June 2020, certain immediate holding companies of the PRC subsidiaries of the Group are qualified as Hong Kong resident enterprises and fulfil the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

### **Overseas income tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

### **Hong Kong profits tax**

Except for the fair value gains and the disposal gain of financial assets at fair value through profit or loss which subject to the income tax rate of 16.5%, no other provision for Hong Kong profits tax has been made in the consolidated financial statements. The remaining profit of the Group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

## 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	
	2020	2019
	Unaudited	Unaudited
Profit attributable to shareholders of the Company ( <i>RMB'000</i> )	<b>5,127,482</b>	5,076,668
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme ( <i>thousands</i> )	<b>3,882,578</b>	3,882,578
Basic earnings per share ( <i>RMB per share</i> )	<b>1.321</b>	1.308

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 2020 and 30 June 2019, there was no diluted potential ordinary share. Thus diluted earnings per share equalled to basic earnings per share.

## 9 Dividend

A final dividend in respect of 2019 of HK\$0.40 per ordinary share, approximately HK\$1,566,819,000 (equivalent to RMB1,428,594,000) was declared at the Annual General Meeting of the Company on 11 May 2020, of which HK\$13,788,000 (equivalent to RMB12,463,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings.

An interim dividend in respect of the six months ended 30 June 2020 of HK\$0.50 per ordinary share, approximately HK\$1,958,524,000 (equivalent to RMB1,750,626,000) was declared by the Board of Directors of the Company (six months ended 30 June 2019: RMB2,124,946,000).

## 10 Investment properties

	Six months ended 30 June	
	2020	2019
	Unaudited	Unaudited
	( <i>RMB'000</i> )	( <i>RMB'000</i> )
Opening net book amount	<b>8,495,950</b>	8,804,220
Additions	-	52,430
Transfer from completed properties held for sale	<b>274,986</b>	-
Disposals	-	(57,770)
Transfer to property, plant and equipment	<b>(25,000)</b>	(366,000)
Fair value gains on investment properties	<b>12,513</b>	1,870
Closing net book amount	<b>8,758,449</b>	8,434,750

Note:

As at 30 June 2020, investment properties of RMB5,310,586,000 (31 December 2019: RMB5,388,000,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings.

## 11 Trade and other receivables

	<b>30 June 2020 Unaudited (RMB'000)</b>	31 December 2019 Audited (RMB'000)
Trade receivables due from (note (a))		
- Third parties	8,204,950	7,211,910
- Joint ventures	670,396	548,298
- Associates	49,704	41,829
Gross trade receivables	<u>8,925,050</u>	<u>7,802,037</u>
Less: allowance for impairment of trade receivables	<u>(143,077)</u>	<u>(73,440)</u>
Total trade receivables	<u><u>8,781,973</u></u>	<u><u>7,728,597</u></u>
Other receivables due from:		
- Third parties	18,071,887	12,173,705
- Joint ventures	11,051,795	9,793,586
- Associates	4,006,785	1,284,290
- Other related parties	476,894	193,728
- Non-controlling interests	2,015,027	1,633,207
Loan and interest receivable due from related parties	2,878,215	3,232,359
Prepaid valued-added taxes and other taxes	3,385,627	2,843,320
Deposits for acquisition of land use rights	869,003	844,197
Prepayments	967,241	1,033,784
Gross other receivables	<u>43,722,474</u>	<u>33,032,176</u>
Less: allowance for impairment of other receivables	<u>(288,898)</u>	<u>(218,579)</u>
Total other receivables	<u>43,433,576</u>	<u>32,813,597</u>
Less: other receivables due from the associates and joint ventures - non-current portion	<u>(8,061,018)</u>	<u>(5,182,026)</u>
Other receivables - current portion	<u><u>35,372,558</u></u>	<u><u>27,631,571</u></u>
<b>Trade and other receivables - current portion</b>	<u><u>44,154,531</u></u>	<u><u>35,360,168</u></u>

As at 30 June 2020, the fair value of trade and other receivables approximated their carrying amounts.

*Note:*

- (a) Trade receivables mainly arose from sales of properties, provision of property management services and provision of construction services. Trade receivables are settled in accordance with the terms stipulated in respective sale and purchase agreements or services agreements. As at 30 June 2020 and 31 December 2019, the ageing analysis of the trade receivables based on invoice date is as follows:

	<b>30 June 2020 Unaudited (RMB'000)</b>	31 December 2019 Audited (RMB'000)
Within 90 days	5,656,718	4,803,143
Over 90 days and within 365 days	2,530,626	2,283,793
Over 365 days	737,706	715,101
	<u><u>8,925,050</u></u>	<u><u>7,802,037</u></u>

## 12 Trade and other payables

	<b>30 June 2020</b>	31 December 2019
	<b>Unaudited (RMB'000)</b>	Audited (RMB'000)
Trade payables (note (a))	<b>23,169,905</b>	21,276,425
Other payables due to:		
- Third parties	<b>25,490,997</b>	13,935,941
- Related parties	<b>11,915,509</b>	8,193,454
- Non-controlling interests	<b>3,394,196</b>	3,200,722
Staff welfare benefit payable	<b>589,924</b>	1,073,575
Accruals	<b>1,896,231</b>	1,433,623
Advances from disposal of subsidiaries	-	2,681,106
Other taxes payable	<b>5,116,184</b>	4,324,850
	<b>71,572,946</b>	56,119,696
Less: other payables – non-current portion	<b>(2,887,542)</b>	(2,201,976)
<b>Trade and other payable – current portion</b>	<b>68,685,404</b>	53,917,720

Note:

- (a) The ageing analysis of trade payables of the Group based on invoice date as at 30 June 2020 and 31 December 2019 is as follows:

	<b>30 June 2020</b>	31 December 2019
	<b>Unaudited (RMB'000)</b>	Audited (RMB'000)
Within 90 days	<b>14,767,801</b>	13,440,152
Over 90 days and within 180 days	<b>6,691,649</b>	6,265,677
Over 180 days and within 365 days	<b>1,056,235</b>	966,394
Over 365 days	<b>654,220</b>	604,202
	<b>23,169,905</b>	21,276,425

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall performance

During the Review Period, the Group's revenue was RMB33,527 million, representing an increase of 23.7% when compared with RMB27,114 million in the corresponding period of 2019. During the Review Period, the Group's profit for the period and core net profit for the period (excluding fair value gains on investment properties, net exchange differences, fair value gains on derivative financial instruments, fair value gains on financial assets at fair value through profit or loss and the related tax effect) were RMB6,339 million and RMB6,518 million, representing an increase of 7.6% and 35.6% when compared with RMB5,894 and RMB4,807 million in the corresponding period of 2019 respectively.

During the Review Period, the profit attributable to shareholders of the Company and the core net profit attributable to shareholders of the Company were RMB5,127 million and RMB5,306 million, representing an increase of 1.0% and 32.9% when compared with RMB5,077 million and RMB3,992 million in the corresponding period of 2019 respectively. Basic earnings per share was RMB1.321 (corresponding period of 2019: RMB1.308).

### Land bank

The Group continued to adopt proactive yet prudent land replenishment strategy in response to the market conditions. As at 30 June 2020, the Group had a land bank with a total planned GFA of 53.03 million sq.m. in 81 cities located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB3,521 per sq.m., which was competitive.

During the Review Period, the Group was dedicated to expanding its nationwide presence through strategically acquiring 20 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisition, in which, Qidong, Taixing, Zhaoqing were the Group's newly explored markets. The total planned GFA of the newly acquired projects was 3.75 million sq.m., of which the Group's total attributable planned GFA was 3.47 million sq.m.. The consideration payable was RMB10.4 billion.

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

<b>Land Parcel Name</b>	<b>City</b>	<b>Attributable Interest (%)</b>	<b>Total Planned GFA (sq.m.)</b>
<b>Southern China Region</b>			
Site in New District	Zhaoqing	100	460,687
Site in Huadu District	Guangzhou	100	97,814
Site in Conghua District	Guangzhou	100	86,848
Site in Agile Golden Bay	Beihai	60	300,058
<b>Eastern China Region</b>			
Site in Hongwei Road	Nantong	30	95,566
Site in Huimin Town	Jiaxing	100	68,559
Site in Wuzhen Main Road	Jiaxing	50	70,738
Site in Jinqiao Road	Qidong	100	124,343
Site in Cangshan District	Fuzhou	100	42,015
Site in Wujin District	Changzhou	49	137,126



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

<b>Land Parcel Name</b>	<b>City</b>	<b>Attributable Interest (%)</b>	<b>Total Planned GFA (sq.m.)</b>
Site in Xinbei District	Changzhou	100	107,767
Industrial Site	Changzhou	100	214,110
Industrial Site	Taixing	100	124,588
<b>Western China Region</b>			
Site in Chenghua District	Chengdu	30	244,000
Site in International Resort District	Chengdu	51	237,625
Site in Xixian New District	Xi'an	40	256,174
<b>Central China Region</b>			
Site in Jian'an District	Xuchang	100	481,319
<b>Northern China Region</b>			
Site in Agile Baodi Jinqiao International Town	Tianjin	100	496,212
<b>Hainan Region</b>			
Site in Main District	Haikou	100	92,359
<b>Overseas</b>			
Site in Project 88	San Francisco	50	10,674

## **Property development and sales**

During the Review Period, the revenue from recognised sales of property development of the Group was RMB29,310 million, representing an increase of 18.7% when compared with RMB24,685 million in the corresponding period of 2019. The increase was mainly attributable to the increased in total recognised GFA sold and recognised average selling price. The total recognised GFA sold was 1.94 million sq.m., representing an increase of 0.6% when compared with the corresponding period of 2019. The recognised average selling price increased by 18.0% to RMB15,144 per sq.m. in the first half of 2020 from RMB12,836 per sq.m. in the first half of 2019.

## **Property management**

During the Review Period, revenue from property management of the Group was RMB3,177 million, representing an increase of 111.1% when compared with RMB1,505 million in the corresponding period of 2019. The increase was mainly due to the recently acquired 60% equity interest in CMIG PM with its revenue consolidated into the Group's revenue. Operating profit from property management business was RMB719 million, representing an increase of 21.5% when compared with RMB592 million in the corresponding period of 2019. As at 30 June 2020, the total GFA under management increased from approximately 211 million sq.m. as at 30 June 2019 to approximately 353 million sq.m..

## **Hotel operations**

During the Review Period, revenue from hotel operations of the Group was RMB153 million, representing a decrease of 56.6% when compared with RMB353 million in the corresponding period of 2019. The decrease was mainly due to the impact of the COVID-19, which resulted in decrease in the income from hotel operation. The revenue from hotel operation was primarily attributable to the revenue generated from Shanghai Marriott Hotel City Centre, Raffles Hainan, Sheraton Bailuhu Resort Huizhou and Howard Johnson Agile Plaza Chengdu.

## **Environmental protection**

During the Review Period, revenue from environmental protection of the Group was RMB799 million, representing an increase of 68.5% when compared with RMB474 million in the corresponding period of 2019. The growth was mainly attributable to the increased number of projects put into production during the period, resulting in an increase in the output and revenue.

## **Property investment**

During the Review Period, revenue from property investment of the Group was RMB88 million, representing a decrease of 9.5% when compared with RMB98 million in the corresponding period of 2019. The decrease was mainly due to the impact of COVID-19, which resulted in decrease in the unit rental rate and occupancy rate for the period.

## **Cost of sales**

During the Review Period, cost of sales of the Group was RMB22,007 million, representing an increase of 16.5% when compared with RMB18,894 million in the corresponding period of 2019. The increase was mainly due to increase of land cost and construction cost. Meanwhile, the total recognised GFA sold increase by 0.6% to 1.94 million sq.m. when compared with the corresponding period of 2019, which in turn led to the increase in the cost of property sales.

## **Gross profit**

During the Review Period, gross profit of the Group was RMB11,520 million, representing an increase of 40.2% when compared with RMB8,220 million in the corresponding period of 2019. During the Review Period, gross profit margin of the Group was 34.4%, representing an increase of 4.1 percentage points when compared with 30.3% in the corresponding period of 2019. The increase in gross profit margin was mainly attributable to the increased weightings by projects with higher profitability, in particular, an increase in the proportion of projects with lower unit land cost which had a relatively high gross profit margin.

## **Other gains, net**

During the Review period, the other gains, net of the Group was RMB2,832 million representing a decrease of 40.0% when compared with RMB4,722 million in the corresponding period of 2019, which was mainly due to gains from the disposal of subsidiaries decreased by 39.4% from RMB2,989 million to RMB1,812 million, fair value gains on financial assets at fair value through profit or loss decreased by 93.9% from RMB883 million to RMB54 million, and gains on disposal of financial assets at FVPL decreased by 89.9% from RMB247 million to RMB25 million.

## **Other income**

During the Review Period, other income of the Group was RMB778 million, representing an increase of 34.7% when compared with RMB577 million in the corresponding period of 2019, which was mainly attributable to the increase of interest income and government grants.

## **Selling and marketing costs**

During the Review Period, selling and marketing costs of the Group was RMB952 million, which were comparable to RMB959 million in the corresponding period of 2019. As a percentage of revenue, the selling and marketing costs decreased to 2.8% (3.5% in the corresponding period of 2019), 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 RMB1,714 million, representing an increase of 23.2% when compared with RMB1,390 million in the corresponding period of 2019. The increase was mainly due to the increase of research and development expenses by 317.8% from RMB62 million to RMB260 million and the increase of employees resulting from business expansion of the Group.

## **Other expenses**

During the Review Period, other expenses of the Group was RMB128 million, representing a decrease of 4.8% when compared with RMB135 million in the corresponding period of 2019, which was mainly attributable to the charitable donations of the Group decreased by 12.7% from RMB55 million in the corresponding period of 2019 to RMB48 million.

## **Finance costs, net**

The Group's finance costs mainly consists of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, PRC corporate bonds, Commercial Mortgage Backed Securities ("CMBS") and Assets-Backed Securities ("ABS") less capitalised interests, gains recorded or losses incurred by foreign currency denominated borrowings less exchange losses capitalised and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent it is directly attributable to a particular project and used to finance the development of that project.

During the Review Period, finance costs, net, of the Group was RMB1,342 million, representing an increase of 45.0% when compared with RMB926 million in the corresponding period of 2019, which was mainly attributable to the increase in exchange losses from borrowings arising from the depreciation of Renminbi against United States dollars and Hong Kong dollars, leading to the exchange losses of RMB750 million on translation of the Group's borrowings denominated in foreign currencies.

## **Share of post-tax profits of investments accounted for using the equity method**

During the Review Period, the share of post-tax profits of investments accounted for using the equity method was RMB491 million, representing an increase of 226.8% when compared with RMB150 million in the corresponding period of 2019. The increase was mainly attributable to the increase of share of post-tax profits of joint ventures and share of post-tax profit of associates by RMB257 million and RMB84 million respectively.

## **Profit attributable to shareholders**

During the Review Period, profit attributable to shareholders of the Company was RMB5,127 million, representing an increase of 1.0% when compared with RMB5,077 million in the corresponding period of 2019. The core net profit attributable to shareholders of the Company were RMB5,306 million representing an increase of 32.9% when compared with RMB3,992 million in the corresponding period of 2019.

## Liquidity, financial and capital resources

### Cash position and fund available

As at 30 June 2020, the total cash and bank balances of the Group were RMB46,407 million (31 December 2019: RMB42,555 million), comprising cash and cash equivalents of RMB38,362 million (31 December 2019: RMB33,551 million) and restricted cash of RMB8,045 million (31 December 2019: RMB9,004 million).

Some of the Group's subsidiaries 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 2020, the Group's undrawn borrowing facilities were RMB7,633 million (31 December 2019: RMB6,404 million).

### Borrowings

As at 30 June 2020, the Group's total borrowings amounted to RMB98,939 million, of which bank borrowings and other borrowings, senior notes, and PRC corporate bonds, CMBS and ABS amounted to RMB73,854 million, RMB11,985 million and RMB13,100 million respectively.

	As at 30 June 2020 (RMB million)	As at 31 December 2019 (RMB million)
<b>Repayment schedule</b>		
<b>Bank borrowings and other borrowings</b>		
Within 1 year	27,453	31,180
Over 1 year and within 2 years	25,486	16,728
Over 2 years and within 5 years	16,712	16,272
Over 5 years	4,203	3,682
<b>Subtotal</b>	<b>73,854</b>	<b>67,862</b>
<b>Senior notes</b>		
Within 1 year	2,825	6,243
Over 1 year and within 2 years	7,755	4,163
Over 2 years and within 5 years	1,405	4,846
<b>Subtotal</b>	<b>11,985</b>	<b>15,252</b>
<b>PRC corporate bonds, CMBS and ABS</b>		
Within 1 year	10,025	4,874
Over 1 year and within 2 years	3,075	8,682
<b>Subtotal</b>	<b>13,100</b>	<b>13,556</b>
<b>Total</b>	<b>98,939</b>	<b>96,670</b>

As at 30 June 2020, the Group's bank borrowings (including syndicated loans) of RMB42,565 million (31 December 2019: RMB40,348 million) and other borrowings of RMB11,036 million (31 December 2019: RMB13,582 million) were secured by its bank deposits, land use rights, self-used properties, trade receivables, completed properties held for sale, properties under development, investment properties, the shares of certain subsidiaries and equity interest of a joint venture. The senior notes were jointly guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB1,946 million as at 30 June 2020 (31 December 2019: RMB4,394 million).

The ABS and CMBS of RMB443 million (31 December 2019: RMB904 million) and RMB4,089 million (31 December 2019: RMB4,084 million) were secured by the group's trade receivables and land use rights, self-used properties and investment properties.

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 2020, the gearing ratio was 73.3% (31 December 2019: 82.8%).

### **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, Macao Pataca and Malaysian Ringgit, and the Company's senior notes was denominated in United States dollars. Since early 2016, the Group has adopted a hedging policy and 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.

### **Cost of borrowings**

During the Review Period, the total cost of borrowings of the Group was RMB3,600 million, representing an increase of 8.5% when compared with RMB3,319 million in corresponding period of 2019. The increase was mainly attributable to higher average balance of borrowings during the Review Period. Regardless of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the period was 6.78% (In the corresponding period of 2019: 7.06%).

### **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 2020, the outstanding guarantees amounted to RMB51,938 million (31 December 2019: RMB38,294 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.

Several subsidiaries of the Group and associate counter parties have provided certain guarantees in proportion of their shareholding in certain associate in respect of loan facilities amounting to RMB2,689 million (31 December 2019: RMB2,844 million). The Group's share of the guarantees amounted to RMB1,045 million (31 December 2019: RMB1,096 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 RMB12,179 million (31 December 2019: RMB12,423 million). The Group's share of the guarantees amounted to RMB5,297 million (31 December 2019: RMB5,832 million).

As at 30 June 2020, the Company has provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB1,496 million (31 December 2019: RMB1,487 million).

### **Commitments**

As at 30 June 2020, the commitments of the Group in connection with the property development activities were RMB27,450 million (31 December 2019: RMB16,406 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB11,763 million (31 December 2019: RMB10,020 million). Additionally, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB1,775 million (31 December 2019: RMB813 million).

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

On 24 June 2020, A-City submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the A-City shares (ordinary shares of HK\$0.01 each) on the main board of the Stock Exchange. It is intended that A-City will conduct an offering of its new shares in connection with the Listing. It is intended that qualifying shareholders will be provided with an assured entitlement to the A-City Shares under the share offer of the proposed spin-off, subject to certain conditions. Details of such assured entitlement have not yet been finalised and the Company will make further announcement(s) in this regard as and when appropriate. Upon completion of the proposed spin-off and listing, the Company is expected to have an interest of not less than 50% in A-City and A-City will remain as a subsidiary of the Company. For details, please refer to announcement of the Company dated 24 June 2020.

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 period, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

## **Events after the Balance Sheet Date**

- (a) The Company announced an issuance of senior notes and entered into the purchase agreement with its purchasers in June 2020. The senior notes would be issued at 5.75% due 2025 with an aggregate nominal value of US\$500,000,000 (equivalent to approximately RMB3,531,900,000) at face value. The Company has successfully issued and received net proceeds, deducting the issuance costs, of approximately US\$497,000,000 (equivalent to approximately RMB3,511,870,000) on 3 July 2020.
- (b) On 10 July 2020, a subsidiary of the Company established in the PRC issued 6.2% corporate bonds with an aggregate amount of RMB1,500,000,000. The net proceeds, after deducting issuance costs, amounted to RMB 1,495,500,000. The bonds will mature on 13 July 2022.

Save as disclosed above, the Group did not have any other material event after the Balance Sheet Date.

## **Employees and remuneration policy**

As at 30 June 2020, the Group had a total of 59,840 employees, among which 408 were senior management and 1,857 were middle management. By geographical locations, there were 59,680 employees in mainland China, 60 employees in Hong Kong and 100 employees in overseas. For the six months ended 30 June 2020, the total remuneration costs, including directors' remuneration, were RMB3,128 million (in the corresponding period of 2019: RMB2,159 million).

The Group remunerates its employees in 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.

## **The impact of the outbreak of COVID-19**

In the second half of 2020, COVID-19 is still rampaging in various countries, leading to a major challenge for the global economy. In contrast, the pandemic has gradually come under control in China under the effective control of the government, which enabled work and production to resume operation in all sectors. The Group fully supports the prevention and control on the pandemic and makes its best endeavour to cut off the transmission of the virus, as well as comprehensively evaluates the short-term impact on its sales and construction in various urban areas.

The pandemic has caused varying degrees of impact to various industries, and the sales of the property industry have also been affected by the short-term psychological impact of the public on the pandemic. However, a number of local governments in China have introduced relaxation policies to support the local property market, in an effort to stabilize the future development of the Chinese property market. The Group will closely monitor the development of COVID-19, and continue to assess the impact of the pandemic on the financial and operation of the Group.



## **Outlook**

The Group's property development business will capitalise on market opportunities to develop premium real estate projects, thereby further strengthening the Group's solid market position. A-Living will continue to expand its business scope and GFA under management. The environmental protection business will ensure that its merger and acquisition projects and those under development contribute to the Group's income. The ecological landscaping services and intelligent home and decoration services businesses will aim to become a benchmark for the industry by integrating existing resources and enhancing product quality. The real estate construction management business will enhance its internal management capabilities and make all efforts to develop quality projects. The commercial business will dedicate itself to improving the rate of return for all of its projects.

The Group is confident in the future development of its business segments. The Group firmly believes that by enhancing its internal management capabilities, optimising its operational management model, improving its training system, reinforcing its brand image, as well as continuously upgrading product and service quality, the Group will be able to deliver steady growth, further strengthen its market position, and develop Agile into a Century-long Enterprise.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK50.0 cents (2019: HK60.0 cents) per ordinary share payable in cash to shareholders of the Company. Interim dividend will be payable on or about Friday, 18 September 2020 to the shareholders whose names appear on the register of members of the Company on Thursday, 10 September 2020.

## **CLOSURE OF REGISTER OF MEMBERS**

The Company's register of members will be closed from Tuesday, 8 September 2020 to Thursday, 10 September 2020 (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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 7 September 2020 .

## **REVIEW OF ACCOUNTS**

The Company's audit committee has reviewed the interim results of the Group for the six months ended 30 June 2020.

The interim results of the Group for the six months ended 30 June 2020 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 to the 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 2020.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the six months ended 30 June 2020, 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 21 May 2020, the Company redeemed all its outstanding 9.0% senior notes due 2020 in an aggregate principal amount of US\$500 million 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 2020, 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](http://www.agile.com.cn)), the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and Singapore Exchange Securities Trading Limited ([www.sgx.com](http://www.sgx.com)). The interim report of the Company for the six months ended 30 June 2020 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, 21 August 2020

*As at the date of this announcement, the Board comprises twelve 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<sup>#</sup>, Mr. Kwong Che Keung, Gordon<sup>#</sup>, Mr. Hui Chiu Chung, Stephen<sup>#</sup> and Mr. Wong Shiu Hoi, Peter<sup>#</sup>.*

\* *Executive Directors*

\*\* *Non-executive Directors*

<sup>#</sup> *Independent Non-executive Directors*