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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 2021**

HIGHLIGHTS

Financial Highlights	For the six months ended 30 June		Change
	2021	2020	
Revenue (<i>RMB million</i>)	38,588	33,527	+15.1%
Gross profit (<i>RMB million</i>)	10,849	11,520	-5.8%
Profit for the period (<i>RMB million</i>)	6,471	6,339	+2.1%
Profit attributable to shareholders of the Company (<i>RMB million</i>)	5,290	5,127	+3.2%
Basic earnings per share (<i>RMB</i>)	1.363	1.321	+3.2%
Interim Dividend per share (<i>HK cents</i>)	50.0	50.0	-

Operational Highlights

For the six months ended 30 June 2021:

- 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 RMB75.33 billion, representing a year-on-year increase of 36.7%; the completion rate of pre-sale value target reached 50.2%; the Group had a total of 215 projects available for sale, including 20 newly launched projects.
- the Group’s revenue and net profit were RMB38,588 million and RMB6,471 million respectively, representing a year-on-year increase of 15.1% and increase of 2.1% respectively.
- profit attributable to shareholders of the Company was RMB5,290 million, representing a year-on-year increase of 3.2%.
- revenue from property management and others (including environmental protection and commercial management) were RMB4,992 million and RMB1,504 million respectively, representing a year-on-year increase of 57.1% and increase of 44.5% respectively.
- revenue from property development business and diversified businesses accounted for 83.2% and 16.8% respectively. The proportion of revenue from diversified businesses increased year-on-year by 4.2 percentage points.
- as at 30 June 2021, the total cash and bank balances of the Group were RMB57,160 million.
- as at 30 June 2021, the Group’s net gearing ratio further reduced to 45.3%.
- the Board has declared an interim dividend of HK50.0 cents per ordinary share for the six months ended 30 June 2021 (six months ended 30 June 2020: HK50.0 cents).

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 2021 (the “**Review Period**”).

Results and Dividends

For the Review Period, revenue of the Group amounted to RMB38,588 million, representing a year-on-year increase of 15.1%. Gross profit amounted to RMB10,849 million, representing a year-on-year decrease of 5.8%. During the Review Period, net profit of the Group and profit attributable to shareholders of the Company were RMB6,471 million and RMB5,290 million respectively, representing a year-on-year increase of 2.1% and 3.2% respectively.

During the Review Period, revenue from recognised sales of property development was RMB32,092 million, representing a year-on-year increase of 9.5%. Revenues from property development business and diversified businesses accounted for 83.2% and 16.8% respectively. The proportion of revenue from diversified businesses increased year-on-year by 4.2 percentage points. The rise reflects the sustained effectiveness of the Group's operating model of “focusing on property development, supported by a synergy of diversified businesses”. During the Review Period, revenue from property management and others (including environmental protection, hotel operations and investment in properties (“**Commercial Management**”)) were RMB4,992 million and RMB1,504 million respectively, representing a year-on-year increase of 57.1% and increase of 44.5% respectively.

The Company's board of directors (the “**Board**”) has declared an interim dividend of HK50.0 cents per ordinary share for the six months ended 30 June 2021 (six months ended 30 June 2020: HK50.0 cents).

Market Review

During the Review Period, various countries around the globe continued to suffer from the widespread impact of the 2019 Novel Coronavirus (“**COVID-19**”). As various countries stepped up vaccination plans and some countries were gradually lifting lockdown measures, global economies recovered at different paces. During the Review Period, China's economy rebounded strongly with a coordinated plan of pandemic prevention and control and economic development from the Central Government, reinforcing the objectives of “protecting market entities, supporting employment and bolstering basic livelihood activities”. During the Review Period, China's gross domestic product (“**GDP**”) recorded a year-on-year increase of 12.7% and the Central Government estimated an annual GDP growth of 8%.

In 2021, the inaugural year of the “14th Five-Year Plan”, the Central Government remains steadfast in the long-term goal of “houses are for living in, not for speculation” and continues to improve the regulatory policies of the real estate industry and focuses on resolving the housing issues in major cities, setting a keynote for real estate development in China for the next five years. During the Review Period, the Central Government introduced the “two-centralised land supply” policy, with an aim to curb land prices. At the same time, driven by a sustained increase in domestic housing purchasing demand, the overall growth in sales of the real estate market has driven the increase in cash collection, creating crucial momentum for the relatively fast-paced growth of real estate development investments.

The Group capitalised on market opportunities while upholding and implementing the operating model of “focusing on property development, supported by a synergy of diversified businesses”, thereby laying a solid foundation for long-term development in the future with full-fledged synergy among various businesses of the Group.

Pre-sale Value in the First Half of the Year Rising Almost 40% Year-on-year Through Integrated Online-to-offline Sales Model

During the Review Period, the aggregated pre-sale value of the Group, together with its joint ventures and associates as well as property projects carrying the “Agile” brand name and managed by the Group amounted to RMB75.33 billion, representing a year-on-year increase of 36.7%. The accumulated gross floor area (“GFA”) presold was 4.848 million sq.m., representing a year-on-year increase of 19.7%, while the corresponding average selling price was RMB15,539 per sq.m.. During the Review Period, the completion rate of pre-sale target amount reached 50.2% across 215 projects for sale, of which 20 were newly launched.

Since the onset of the pandemic last year, the Group has proactively adjusted its sales strategy to delegate the final approval authority to regional level in order to enhance the efficiency of marketing decision-making at the group level. During the Review Period, the Group continued to pursue a diversified sales portfolio model with an integrated online-to-offline sales strategy, which provided customers with comprehensive, multifaceted house purchasing services in a one-stop manner, and polished the Group’s customer acquisition pipeline.

Diversified Land Acquisition Model to Strengthen Land Reserve Quality

During the Review Period, the Group continued to implement diversified land acquisition approaches to further strengthen its business presence by strategically obtaining 22 new high-quality projects through tender, auction, listing-for-sale, land application and equity acquisitions. The total planned GFA of the new projects amounted to 3.043 million sq.m.. The total consideration of the new projects was RMB21.635 billion, with an average land cost of RMB7,109 per sq.m.. The total consideration attributable to the Group was RMB10.547 billion. As at 30 June 2021, the Group had a land bank with a total planned GFA of 52.95 million sq.m. in 85 cities, among which, Shaoxing city of Zhejiang Province was the newly explored market during the Review Period.

During the Review Period, the Group continued to cultivate two major city clusters, namely the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”) and the Yangtze River Delta, by obtaining 3 and 9 projects in the Greater Bay Area and the Yangtze River Delta, respectively. In which, the Group acquired new projects in various tier-one cities, including the Mentougou District project in the capital, Beijing, and the Songjiang District project in Shanghai.

During the Review Period, the Central Government announced the establishment and creation of a financial cooperation channel and model among the Greater Bay Area. It facilitated cross-border trading, investment and financing, expanded the opening up of the financial sector, and promoted the interconnectivity between the financial market and financial infrastructure to boost the overall financial service level in the Greater Bay Area. The Group will benefit from the area’s enormous development potential in the future. As at 30 June 2021, the Group held approximately 13.86 million sq.m. of land bank in the Greater Bay Area, which accounted for 26.2% of its total land bank. Among which, the Group has two high-quality property projects in Hong Kong, including the King’s Road & Mount Parker Road Project which is under development and the Kowloon Tong Eastbourne Road Urban Renewal Project which is undergoing acquisition, with an aggregate land bank of approximately 20,000 sq.m.. In addition, the Group held 6.96 million sq.m. of land bank in the Yangtze River Delta, which accounted for 13.1% of its total land bank, with the accumulated number of development projects reaching 60. The Group will continue to expand its market share in the Yangtze River Delta, thereby generating stable long-term revenue streams for the Group.

The Group has a total of 4 projects under development in overseas. In Malaysia, the Group had 2 high-quality property projects on sale in Kuala Lumpur, including Agile Bukit Bintang Kuala Lumpur and Agile Embassy Garden Kuala Lumpur. In Cambodia, Agile Sky Residence Phnom Penh is the Group’s first project on sale in Phnom Penh. In the United States, the construction of Project 88 in San Francisco has been topped-out and is planned to be launched by end of 2021. As at 30 June 2021, the Group held approximately 0.33 million sq.m. of land bank overseas, which accounted for 0.6% of its total land bank. The Group adopts a prudent yet proactive development strategy with China’s property market as the main development location, complemented with prudent strategies for expansion in overseas markets.

Diversified Businesses Development to Assemble the Second Growth Arc

In respect of diversified businesses, the Group's property management, environment protection, construction, urban renewal, real estate construction management and Commercial Management continued to generate synergies. During the Review Period, the Group's property management and others (including environmental protection and Commercial Management) recorded a year-on-year revenue growth of 57.1% and 44.5% respectively, continuing to provide solid revenue for the Group. During the Review Period, the contributions of revenue from property development business and revenue from diversified businesses were 83.2% and 16.8% respectively, in which, the contribution of revenue from diversified businesses increased year-on-year by 4.2 percentage points.

Developing A-Living into a Model Brand in Intelligent Comprehensive City Service

As a key maneuver in the property sector based on the Group's diversified development strategy, A-Living Smart City Services Co., Ltd. ("**A-Living**") has always undertaken mid to high-end property projects developed by the Group to provide the Group with well-round quality property management services in a consistent manner. A-Living is committed to the mission of bringing lifelong caring to property owners and insists on the development strategy covering diverse business portfolios and the entire industry chain, and has thus transformed into an all-scenario smart city service platform. During the Review Period, A-Living extended its business layout to city services and secured itself a leading player in the industry in terms of scale growth. A-Living took advantage of "talent + technology + capital" to continuously enhance its service and brand power, and ranked Top 4 among the "Top 100 Property Service Companies in China 2021" for the second consecutive year.

In terms of industry consolidation, A-Living completed the acquisition of the equity interest in one of the largest independent third-party property management enterprises in Shanghai, Minrui Property Management (Shanghai) Co., Ltd. during the Review Period. This enabled A-Living to set foot in markets to enhance its presence in Shanghai and the Yangtze River Delta Region and strengthen its advantage in the management scale of high-end residential, commercial and office and other niche markets.

As at 30 June 2021, the GFA under management and contracted GFA of A-Living were 424.2 million sq.m. and 584.1 million sq.m. respectively. Among which, the contracted GFA from Agile and Greenland Holdings Group Company Limited amounted to 85.5 million sq.m. and 58.0 million sq.m., respectively. The contracted GFA from third-party projects (including acquired companies) amounted to 440.6 million sq.m., accounting for 75.4% of the total contracted GFA.

A-City as a Leading “Ecological Habitat Service Provider”

During the Review Period, the Group proposed the spin-off and separate listing of A-City Group Limited (“A-City”) shares 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, which will remain as a subsidiary of the Company. As a leading “Ecological Habitat Service Provider”, A-City will be faithful to its brand mission of “Building Smart Spaces”, and focus on the two business segments of ecological landscaping service and intelligent home and decoration services.

Continuous Growth in Revenue from Environmental Protection Business

During the Review Period, the environmental protection business developed rapidly. As the pandemic in China came under control, production lines of upstream enterprises resumed ordinary operation, resulting in a sustained increase in the output of all environmental protection projects. Sustaining the development strategy of “1 Core, 4 Drivers and N Wings”, the environmental protection business focused on hazardous waste treatment while engaging in selective projects of energy and power generation, ecological industrial parks, environmental protection water treatment, and ecological restoration. As at 30 June 2021, the environmental protection business had a total of 47 projects, and a total of 37 projects have been put into production. During the Review Period, the revenue of the environmental protection business amounted to RMB1.219 billion, representing a year-on-year increase of 52.6%. During the Review Period, the environmental protection business won several awards, including the “Top 50 Environmental Enterprises in China” and “2020 Emerging Leading Enterprise in Environmental Protection” in high recognition of the brand’s comprehensive strength by the industry.

Robust Strategic Cooperation between the Real Estate Construction Management Business and Partners

With the hard work and development throughout the past three years, the comprehensive strength of the real estate construction management business has continued to improve. The business has been presented in 32 cities in 13 provinces across the country, creating several reputable and quality projects and achieving a win-win situation for the Group’s real estate construction management, its clients, the owners, and the suppliers. As at 30 June 2021, the real estate construction management business covers commercial agent construction, government agent construction and capital agent construction. The accumulated planned GFA of the projects reached 10 million sq.m.. During the Review Period, capitalising its strong brand influence, excellent resource integration capability, and well-grounded practice for contracted agent construction conducive to all parties, the real estate construction management business was awarded the “China Real Estate Contracted Agent Construction Management (TOP 7) 2021” by Guandian Index Institute in recognition of its continuous efforts and innovation in the industry by the market.

Urban Renewal positioning as an “Integrated Urban Renewal Operator”

The Group is not only an urban constructor but also a promoter of urban development and a quality provider of good living, which strongly empowers the long-term development of the integration of industry and cities. Since the development of the urban renewal business, the Group has been adhering to its positioning as an “Integrated Urban Renewal Operator” and focused on related real estate developments such as old village redevelopment, old factory redevelopment, urban redevelopment and shanty town redevelopment, with a view to achieving a harmonious development of cities where residents can enjoy life and providing a sustainable and mutually beneficial future for all parties. As at 30 June 2021, the urban renewal business had entered into 22 cooperation agreements, with businesses presence in 5 provinces across China. The business focused on the Greater Bay Area while further expanding into Northern China Region and Central China Region, and had planned locked-in GFA of 14.92 million sq.m., with planned locked-in saleable resources of RMB452.2 billion.

Grand opening of Agile Mall in Huadu, Guangzhou

Positioned as an “Urban Commercial Assets Operator”, the Group’s Commercial Management aims to establish an industry-leading platform of full industry chain management, covering four major segments, namely commercial management, hotel management, golf management and assets management. During the Review Period, the revenue of the Commercial Management business amounted to RMB285 million, representing a year-year increase of 17.9%. The Agile Mall in Huadu of Guangzhou successfully opened on 1 May 2021 with an occupancy rate of 97%. With 120,000 customers visiting on the opening day, the mall invigorated the local commercial sector and created an area for consumers to experience a quality life.

Sound Financial Strategy with Further Reduced Net Gearing Ratio

A healthy financial position is the backbone of the Group’s rapid business development. As such, the Group has strengthened and optimised its financial structure and enhanced its cash flow management through a multi-channel financing approach during the Review Period in order to strike a balance between business development and financial management. During the Review Period, the Company issued USD450 million 5.5% senior notes due 2026 on the offshore front and was granted 36-month term loan facilities with an initial amount of HKD5,253,000,000 and USD28,500,000 (with a greenshoe option). The Company issued RMB1.45 billion 5.9% corporate bonds due 2024 on the onshore front. In addition, the Company fully redeemed USD100 million 8.55% senior perpetual capital securities as at June 2021. As at 30 June 2021, the Group’s net gearing ratio further reduced to 45.3%. As at 30 June 2021, the Group’s total cash and bank deposits amounted to RMB57,160 million, representing an increase of 12.4% as compared to 31 December 2020.

First Investment Grade Rating of Agile

As an integrated property development company adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”, Agile’s profitability continues to be well regarded by credit rating agencies. During the Review Period, Agile’s corporate credit ratings were confirmed as “Ba2” and “BB” by international credit rating agencies, Moody’s Investors Service and S&P Global Ratings, respectively, which both upgraded Agile’s outlook ratings to “stable”, providing a strong boost to its growth prospects. In addition, in June, Lianhe Ratings Global, an international credit rating agency, granted Agile a long-term issuer rating of “BBB-” with a “stable” outlook ratings for the first time, representing the first investment grade rating of Agile.

Good Corporate Governance and Fulfilling Corporate Social Responsibility

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 and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis.

Adhering to the brand philosophy of “Lifestyle of a Lifetime”, the Group is always concerned about the residents’ desire for a better life, emphasising product quality management while constantly seeking innovation and breakthroughs. The product philosophy of “Eight Elegances of Residence” and the “N-Happiness Molecule” eco-system are the models for Agile to create and interpret infinite human life. In delivering these promises, great importance is placed on supplier management, with a view to ensuring the provision of high-quality products and services. The Group is also playing its part in environment protection, cares about the well-being of staff, and promotes 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 2021, as various countries around the globe have progressively vaccinated their citizens and some countries gradually lift the closure measures, the economic activities of the countries around the world and all walks of life are expected to gradually return to normal in an orderly manner. In China, according to the Central Government’s “14th Five-Year Plan”, the healthy development of the real estate market is closely related to the people’s livelihood and the long-term sustainable development of the economy. The Central Government will continue to adhere to the principle of “houses are for living in, not for speculation” and properly implement the long-term mechanism of “stabilising land prices, housing prices and expectations” on the basis of respecting market regulations and improving the construction of relevant systems.

In addition, as China pledges to be “carbon neutral by 2060” as a response to the global climate crisis, Agile will actively respond to the macro policy, continue to keep a keen eye on the impact of its business development on climate change and further carry out energy saving and consumption reduction measures to reduce greenhouse gas emissions generated in the course of its business development. The Group firmly believes in, and will adhere to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will be in steady development, which will further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by contributing to society through participating in charitable activities.

Acknowledgment

On behalf of the Board, I would like to extend our heartfelt gratitude to our shareholders, customers, all staff members, and other stakeholders for their unwavering support and dedication in contributing to the sustainable growth of the Group.

CHEN Zhuo Lin

Chairman and President

Hong Kong, 18 August 2021

RESULTS

Unaudited interim results for the six months ended 30 June 2021:

INTERIM CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	Six months ended 30 June	
		2021	2020
		Unaudited	Unaudited
		(RMB'000)	(RMB'000)
Operation			
Revenue	4	38,587,759	33,527,374
Cost of sales		(27,739,181)	(22,006,936)
Gross profit		10,848,578	11,520,438
Selling and marketing costs		(1,273,482)	(952,070)
Administrative expenses		(1,899,444)	(1,713,554)
Net impairment losses on financial and contract assets		(198,222)	(98,127)
Other gains, net	5	4,253,080	2,831,959
Other income	6	787,574	777,584
Other expenses		(112,698)	(128,308)
Operating profit		12,405,386	12,237,922
Finance costs, net	7	(1,239,305)	(1,342,235)
Share of post-tax profits of investments accounted for using the equity method		195,619	491,115
Profit before income tax		11,361,700	11,386,802
Income tax expenses	8	(4,891,083)	(5,047,603)
Profit for the period		6,470,617	6,339,199
Profit attributable to:			
Shareholders of the Company		5,290,297	5,127,482
Holders of Perpetual Capital Securities		507,533	549,386
Non-controlling interests		672,787	662,331
		6,470,617	6,339,199
Earnings per share from continuing operations attributable to the shareholders of the Company for the period (expressed in Renminbi per share)			
— Basic	9	1.363	1.321
— Diluted	9	1.363	1.321

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	(RMB'000)	(RMB'000)
Profit for the period	6,470,617	6,339,199
Other comprehensive income for the period		
<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	(175,342)	(14,285)
<i>Items that may be reclassified to profit or loss</i>		
— Currency translation differences	(12,084)	(5,678)
Other comprehensive income for the period, net of tax	(187,426)	(19,963)
Total comprehensive income for the period	6,283,191	6,319,236
Total comprehensive income attributable to:		
Shareholders of the Company	5,116,840	5,116,925
Holder of the Perpetual Capital Securities	507,533	549,386
Non-controlling interests	658,818	652,925
	6,283,191	6,319,236

INTERIM CONSOLIDATED BALANCE SHEET

	As at 30 June 2021	As at 31 December 2020
<i>Note</i>	Unaudited (RMB'000)	Audited (RMB'000)
ASSETS		
Non-current assets		
Property, plant and equipment	12,859,541	12,080,847
Investment properties	10,960,386	10,849,449
Right-of-use assets	3,441,413	3,376,304
Goodwill	4,622,196	4,264,614
Other intangible assets	4,039,993	3,576,350
Investments accounted for using the equity method	31,927,699	18,179,155
Prepayments for acquisition of equity interests	10,000	523,321
Prepayments for acquisition of land use rights	–	34,285
Properties under development	23,243,298	30,973,623
Other receivables	8,579,305	7,508,793
Financial assets at fair value through other comprehensive income	322,123	510,639
Deferred income tax assets	1,481,590	1,392,281
	101,487,544	93,269,661
Current assets		
Properties under development	80,925,093	82,148,512
Completed properties held for sale	17,260,770	19,092,671
Inventories	295,890	248,325
Prepayments for acquisition of land use rights	7,102,659	8,311,775
Contract assets	4,058,997	3,204,597
Trade and other receivables	55,811,527	50,021,335
Prepaid income taxes	4,785,630	5,355,663
Financial assets at fair value through profit or loss	1,503,154	1,247,819
Restricted cash	10,647,890	8,938,792
Cash and cash equivalents	46,512,122	41,925,908
	228,903,732	220,495,397
Total assets	330,391,276	313,765,058

INTERIM CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 30 June 2021	As at 31 December 2020
	<i>Note</i>	Unaudited (RMB'000)	Audited (RMB'000)
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium		3,421,883	3,421,883
Shares held for Share Award Scheme		(156,588)	(156,588)
Other reserves		4,564,159	3,416,513
Retained earnings		47,241,223	44,133,820
		<u>55,070,677</u>	<u>50,815,628</u>
Perpetual Capital Securities		13,013,810	13,637,493
Non-controlling interests		21,882,534	12,516,601
		<u>89,967,021</u>	<u>76,969,722</u>
LIABILITIES			
Non-current liabilities			
Borrowings		58,412,878	59,243,748
Other payables	12	4,670,829	4,284,452
Financial liabilities at fair value through profit or loss		6,611	101,235
Contract liabilities		117,746	75,271
Lease liabilities		410,267	392,927
Deferred income tax liabilities		3,976,706	4,087,131
		<u>67,595,037</u>	<u>68,184,764</u>
Current liabilities			
Borrowings		39,486,623	38,569,018
Trade and other payables	12	73,314,728	75,229,690
Financial liabilities at fair value through profit or loss		447,109	1,004,423
Contract liabilities		42,211,917	36,306,083
Lease liabilities		229,815	244,011
Current income tax liabilities		17,139,026	17,257,347
		<u>172,829,218</u>	<u>168,610,572</u>
Total liabilities		240,424,255	236,795,336
Total equity and liabilities		330,391,276	313,765,058

Notes:

1 GENERAL INFORMATION

Agile Group Holdings Limited is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries are principally engaged in property development and property management in the People's Republic of China (the "PRC").

The Company's shares have been listed on the Stock Exchange since 15 December 2005.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2021 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 2020 and any public announcement made by the Company during the six months ended 30 June 2021.

3 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 8) 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 2021:

- Interest Rate Benchmark Reform — Phase 2 — Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16.

The amendments listed above did not have significant impact on the amounts recognised in the current or prior periods and is not likely to affect future periods.

3 ACCOUNTING POLICIES (CONTINUED)

(b) New standards and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2021 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Accounting Guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use	1 January 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope amendments	1 January 2022
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual Improvements Projects	Annual Improvements to HKFRSs 2018–2020 (amendments)	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance contract	1 January 2023
Amendments to HK Interpretation 5	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	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.

4 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 three business segments: property development, property management and others. 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. The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

4 SEGMENT INFORMATION (CONTINUED)

Segment results for the six months ended 30 June 2021 and 2020 are as follows:

Six months ended 30 June 2021 (unaudited)

	Property development (RMB'000) (note (a))	Property management (RMB'000) (note (b))	Others (RMB'000) (note (c))	Group (RMB'000)
Gross segment sales	32,091,522	6,247,156	1,503,885	39,842,563
Inter-segment sales	—	(1,254,804)	—	(1,254,804)
Sales to external customers	32,091,522	4,992,352	1,503,885	38,587,759
Timing of revenue recognition				
— At a point in time	27,345,285	119,695	389,319	27,854,299
— Over time	4,746,237	4,872,657	1,114,566	10,733,460
Fair value gains on investment properties (note 5)	—	—	600	600
Operating profits	11,046,766	1,083,026	275,594	12,405,386
Share of post-tax profits of investments accounted for using the equity method	167,344	33,268	(4,993)	195,619
Segment result	11,214,110	1,116,294	270,601	12,601,005
Finance costs, net (note 7)				(1,239,305)
Profit before income tax				11,361,700
Income tax expenses (note 8)				(4,891,083)
Profit for the period				6,470,617
Depreciation and amortisation	298,823	118,040	211,877	628,740
Write-down of properties under development, completed properties held for sale and property, plant and equipment	324,543	—	—	324,543

4 SEGMENT INFORMATION (CONTINUED)

Segment results for the six months ended 30 June 2021 and 2020 are as follows: (Continued)

Six months ended 30 June 2020 (unaudited)

	Property development (RMB'000) (note (a))	Property management (RMB'000) (note (b))	Others (RMB'000) (note (c))	Group (RMB'000)
Gross segment sales	29,310,114	4,001,627	1,040,445	34,352,186
Inter-segment sales	—	(824,812)	—	(824,812)
Sales to external customers	29,310,114	3,176,815	1,040,445	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	768,615	6,977,544
Fair value gains on investment properties (note 5)	—	—	12,513	12,513
Operating profits	11,326,517	718,735	192,670	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	195,415	12,729,037
Finance costs, net (note 7)				(1,342,235)
Profit before income tax				11,386,802
Income tax expenses (note 8)				(5,047,603)
Profit for the period				6,339,199
Depreciation and amortisation	171,628	103,508	258,385	533,521
Write-down of properties under development, completed properties held for sale and property, plant and equipment	306,704	—	9,880	316,584

4 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities and capital expenditure as at 30 June 2021 are as follows (unaudited):

	Property development (RMB'000) (note (a))	Property management (RMB'000) (note (b))	Others (RMB'000) (note (c))	Elimination (RMB'000)	Group (RMB'000)
Segment assets	<u>273,025,621</u>	<u>18,571,422</u>	<u>36,089,607</u>	<u>(5,387,872)</u>	<u>322,298,778</u>
Unallocated assets					<u>8,092,498</u>
Total assets					<u><u>330,391,276</u></u>
Segment assets include:					
Investments accounted for using the equity method	<u>30,579,299</u>	<u>1,135,133</u>	<u>213,267</u>	<u>–</u>	<u>31,927,699</u>
Segment liabilities	<u>102,252,346</u>	<u>7,509,577</u>	<u>16,581,251</u>	<u>(5,387,872)</u>	<u>120,955,302</u>
Unallocated liabilities					<u>119,468,953</u>
Total liabilities					<u><u>240,424,255</u></u>
Capital expenditure	<u>448,304</u>	<u>657,646</u>	<u>1,095,706</u>	<u>–</u>	<u>2,201,656</u>

Segment assets and liabilities and capital expenditure as at 31 December 2020 are as follows (audited):

	Property development (RMB'000) (note (a))	Property management (RMB'000) (note (b))	Others (RMB'000) (note (c))	Elimination (RMB'000)	Group (RMB'000)
Segment assets	<u>259,712,640</u>	<u>13,651,068</u>	<u>36,399,135</u>	<u>(4,504,187)</u>	<u>305,258,656</u>
Unallocated assets					<u>8,506,402</u>
Total assets					<u><u>313,765,058</u></u>
Segment assets include:					
Investments accounted for using the equity method	<u>16,863,326</u>	<u>1,102,792</u>	<u>213,037</u>	<u>–</u>	<u>18,179,155</u>
Segment liabilities	<u>100,480,715</u>	<u>4,710,237</u>	<u>15,845,669</u>	<u>(4,504,187)</u>	<u>116,532,434</u>
Unallocated liabilities					<u>120,262,902</u>
Total liabilities					<u><u>236,795,336</u></u>
Capital expenditure	<u>609,384</u>	<u>902,356</u>	<u>4,482,807</u>	<u>–</u>	<u>5,994,547</u>

4 SEGMENT INFORMATION (CONTINUED)

Notes:

- (a) Property development segment mainly comprises the business units involved in development and sales of properties, property construction service and 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 and city sanitation and cleaning services operated by A-Living Smart City Services Co., Ltd.
- (c) Others mainly comprise the business units involved in environmental protection service and commercial management services, each of whom is less than 10% of the Group's consolidated profit before tax and revenue, segment information is not considered necessary.
- (d) 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 other comprehensive income (the "FVOCI") and financial assets at fair value through profit or loss (the "FVPL"). Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at FVPL.

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

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

During the six months ended 30 June 2021, there was no significant incremental costs to obtain a contract (six months ended 30 June 2020: nil).

5 OTHER GAINS, NET

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	(RMB'000)	(RMB'000)
Gains from disposal of subsidiaries	4,137,174	1,812,304
Remeasurement gains resulting from joint ventures transferred to subsidiaries	–	825,314
Gains on disposal of financial assets at FVPL	56,044	24,908
Fair value (losses)/gains on financial assets at FVPL	(419)	53,863
Fair value gains on put option written on non-controlling interests	1,974	–
Fair value gains on investment properties	600	12,513
Gains on disposal of property, plant and equipment and investment properties	144	67,306
Gains from disposal of joint ventures	–	40,796
Exchange gains/(losses), net (<i>note (a)</i>)	28,792	(32,804)
Miscellaneous	28,771	27,759
	<u>4,253,080</u>	<u>2,831,959</u>

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 7*).

6 OTHER INCOME

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	(RMB'000)	(RMB'000)
Interest income	384,023	455,827
Interest income from related parties	261,065	184,916
Government grants	92,193	99,624
Miscellaneous	50,293	37,217
	<u>787,574</u>	<u>777,584</u>

7 FINANCE COSTS, NET

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	(RMB'000)	(RMB'000)
Interest expense:		
— Bank borrowings, syndicated loans and other borrowings	2,686,902	2,555,520
— Senior notes	530,835	616,687
— PRC Corporate Bonds, Asset-Backed Securities (“ABS”) and Commercial Mortgage Backed Securities (“CMBS”)	338,237	428,033
— Lease liabilities	11,678	12,709
Less: interest and exchange losses capitalised	(2,038,686)	(2,623,775)
Exchange (gains)/losses from borrowings	(388,012)	749,955
Changes in fair value of derivative financial instruments	98,351	(396,894)
	<u>1,239,305</u>	<u>1,342,235</u>

8 INCOME TAX EXPENSES

	Six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	(RMB'000)	(RMB'000)
Current income tax		
— PRC corporate income tax	2,477,503	2,356,433
— PRC land appreciation tax	2,094,097	1,859,747
— PRC withholding income tax	201,000	200,116
Deferred income tax		
— PRC corporate income tax	118,483	631,307
	<u>4,891,083</u>	<u>5,047,603</u>

8 INCOME TAX EXPENSES (CONTINUED)

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.

Certain subsidiaries of the Group obtained the Certificate of High-New Technical Enterprise. According to the CIT 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 six months ended 30 June 2021 was 15% (six months ended 30 June 2020: 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 2021. 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 (six months ended 30 June 2020: 15%).

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 2020: 15%).

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 2021, 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.

8 INCOME TAX EXPENSES (CONTINUED)

Hong Kong profits tax

Except for the fair value gains and the disposal gains of financial assets at fair value through profit or loss which is 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.

9 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	
	2021	2020
	Unaudited	Unaudited
Profit attributable to shareholders of the Company (<i>RMB'000</i>)	5,290,297	5,127,482
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (<i>thousands</i>)	<u>3,882,578</u>	<u>3,882,578</u>
Basic earnings per share (<i>RMB per share</i>)	<u>1.363</u>	<u>1.321</u>

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 2021 and 30 June 2020, there was no diluted potential ordinary share. Thus diluted earnings per share equalled basic earnings per share.

10 DIVIDENDS

A final dividend in respect of 2020 of HK\$0.60 per ordinary share, approximately HK\$2,350,229,000 (equivalent to RMB1,963,028,000) was declared at the Annual General Meeting of the Company on 12 May 2021, of which HK\$20,682,000 (equivalent to RMB17,299,000) 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 2021 of HK\$0.50 per ordinary share, approximately HK\$1,958,524,000 (equivalent to RMB1,629,218,000) was declared by the Board of Directors of the Company (six months ended 30 June 2020: RMB1,750,626,000).

11 TRADE AND OTHER RECEIVABLES

	30 June 2021 Unaudited (RMB'000)	31 December 2020 Audited (RMB'000)
Trade receivables due from <i>(note (a))</i>		
— Third parties	15,919,996	10,252,982
— Joint ventures	1,546,481	1,518,844
— Associates	2,581	36,620
	<hr/>	<hr/>
Gross trade receivables	17,469,058	11,808,446
Less: allowance for impairment of trade receivables	(535,941)	(442,004)
	<hr/>	<hr/>
Total trade receivables	16,933,117	11,366,442
	<hr/>	<hr/>
Other receivables due from:		
— Third parties	16,327,501	17,897,815
— Joint ventures	16,326,092	14,666,332
— Associates	1,265,504	619,764
— Other related parties	506,913	493,892
— Non-controlling interests	2,506,902	1,957,925
Loan and interest receivables due from related parties	3,977,726	5,390,261
Prepaid value-added taxes and other taxes	3,796,031	3,668,692
Deposits for acquisition of land use rights	2,141,503	837,000
Prepayments	1,226,611	1,088,577
	<hr/>	<hr/>
Gross other receivables	48,074,783	46,620,258
Less: allowance for impairment of other receivables	(617,068)	(456,572)
	<hr/>	<hr/>
Total other receivables	47,457,715	46,163,686
Less: other receivables due from the joint ventures and associates — non-current portion	(8,579,305)	(7,508,793)
	<hr/>	<hr/>
Other receivables — current portion	38,878,410	38,654,893
	<hr/>	<hr/>
Trade and other receivables — current portion	55,811,527	50,021,335
	<hr/>	<hr/>

As at 30 June 2021 and 31 December 2020, the fair value of trade and other receivables approximated their carrying amounts.

11 TRADE AND OTHER RECEIVABLES (CONTINUED)

Note:

- (a) Trade receivables mainly arose from sales of properties, provision of property management, city sanitation and cleaning services, provision of ecological landscaping services and intelligent home and decoration services. Trade receivables are settled in accordance with the terms stipulated in respective sales and purchase agreements or services agreements. As at 30 June 2021 and 31 December 2020, the ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2021 Unaudited (RMB'000)	31 December 2020 Audited (RMB'000)
Within 90 days	11,740,899	7,227,242
Over 90 days and within 365 days	4,412,678	3,225,970
Over 365 days	1,315,481	1,355,234
	17,469,058	11,808,446

12 TRADE AND OTHER PAYABLES

	30 June 2021 Unaudited (RMB'000)	31 December 2020 Audited (RMB'000)
Trade payables (<i>note (a)</i>)	29,380,565	24,819,387
Other payables due to:		
— Third parties	22,020,429	20,327,349
— Related parties	13,398,740	12,914,816
— Non-controlling interests	3,928,546	5,445,480
Staff welfare benefit payable	884,776	1,588,807
Accruals	1,634,452	1,441,036
Advances from disposal of subsidiaries	—	7,050,760
Other taxes payable	6,738,049	5,926,507
Total trade and other payables	77,985,557	79,514,142
Less: other payables — non-current portion	(4,670,829)	(4,284,452)
Trade and other payables — current portion	73,314,728	75,229,690

Note:

- (a) The ageing analysis of trade payables of the Group based on invoice date as at 30 June 2021 and 31 December 2020 is as follows:

	30 June 2021 Unaudited (RMB'000)	31 December 2020 Audited (RMB'000)
Within 90 days	18,637,211	15,796,936
Over 90 days and within 180 days	8,879,240	7,400,392
Over 180 days and within 365 days	1,124,104	982,715
Over 365 days	740,010	639,344
	29,380,565	24,819,387

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the Review Period, the Group's revenue was RMB38,588 million, representing an increase of 15.1% when compared with RMB33,527 million in the corresponding period of 2020. During the Review Period, the Group's operating profit and profit for the period were RMB12,405 million and RMB6,471 million, representing an increase of 1.4% and 2.1% when compared with RMB12,238 million and RMB6,339 million in the corresponding period of 2020 respectively.

During the Review Period, the profit attributable to shareholders of the Company were RMB5,290 million, representing an increase of 3.2% when compared with RMB5,127 million in the corresponding period of 2020. Basic earnings per share was RMB1.363 (corresponding period of 2020: RMB1.321).

Land bank

The Group continued to adopt proactive yet prudent land replenishment strategy in response to the market conditions. As at 30 June 2021, the Group had a land bank with a total planned GFA of 52.95 million sq.m. in 85 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 RMB3,700 per sq.m., which was competitive.

During the Review Period, the Group was dedicated to expanding its nationwide presence through strategically acquiring 22 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisitions, in which, Shaoxing city of Zhejiang Province was the Group's newly explored market. The total planned GFA of the newly acquired projects was 3.043 million sq.m., of which the Group's total attributable planned GFA was 2.203 million sq.m.. The total consideration attributable to the Group was RMB10.547 billion.

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

Location (City) of Projects	No. of Projects	Total Planned GFA (sq.m.)	Total Planned GFA (Attributable) (sq.m.)	Total Land Costs (Attributable) (RMB billion)
Southern China Region				
Guangzhou	1	119,680	23,936	0.290
Zhongshan	1	850,211	381,812	1.835
Foshan	1	64,856	64,856	0.189
Eastern China Region				
Nanjing	1	54,043	54,043	0.107
Yangzhou	1	73,614	73,614	0.015
Hefei	1	88,258	88,258	0.017
Shanghai	1	101,709	101,709	0.648
Shaoxing	1	76,603	76,603	1.044
Changzhou	1	80,262	80,262	0.817
Wuxi	1	48,004	11,041	0.215
Qidong	1	137,435	137,435	0.641
Suzhou	1	89,843	89,843	0.628
Weihai	1	209,597	135,819	0.109
Western China Region				
Chengdu	1	156,125	156,125	0.194
Xi'an	1	192,223	94,189	0.606
Chongqing	3	463,345	415,415	0.783
Central China Region				
Xiangyang	1	63,800	63,800	0.097
Yunnan Region				
Yunnan	1	39,344	19,672	0.109
Northeast China Region				
Shenyang	1	76,700	76,700	0.673
Northern China Region				
Beijing	1	57,638	57,638	1.530
Total	22	3,043,290	2,202,770	10.547

Property development and sales

During the Review Period, the revenue from recognised sales of property development of the Group was RMB32,092 million, representing an increase of 9.5% when compared with RMB29,310 million in the corresponding period of 2020. The increase was mainly attributable to the increased in total recognised GFA sold and recognised average selling price. The total recognised GFA sold was 1.98 million sq.m., representing an increase of 2.2% when compared with the corresponding period of 2020. The recognised average selling price increased by 7.2% to RMB16,227 per sq.m. in the first half of 2021 from RMB15,144 per sq.m. in the first half of 2020.

DIVERSIFIED BUSINESSES

Property management

During the Review Period, revenue from property management of the Group was RMB4,992 million, representing an increase of 57.1% when compared with RMB3,177 million in the corresponding period of 2020. The increase mainly represents: (i) the increase in operating income from the acquisition of Minrui Property Management (Shanghai) Co. (“**New CMIG PM**”) during the Review Period when compared with nil income from such business in the same period last year and (ii) operating income from CMIG Futurelife Property Management Limited (“**CMIG PM**”), which was acquired last year, were recorded in full during the Review Period, compared to only the operating income for the incomplete period after the acquisition was recorded in the same period last year.

Operating profit from property management business was RMB1,083 million, representing an increase of 50.7% when compared with RMB719 million in the corresponding period of 2020. As at 30 June 2021, the total GFA under management increased from approximately 353 million sq.m. as at 30 June 2020 to approximately 424 million sq.m..

OTHERS

Commercial management

During the Review Period, the Group’s commercial revenue (including hotel operation and property investment) amounted to RMB285 million, representing an increase of 17.9% compared with RMB242 million for the same period in 2020. The increase benefited from the contained COVID-19 outbreak and the corresponding rebound in the hotel business and leasing market, resulting in an increase in revenue.

Environmental protection

During the Review Period, revenue from environmental protection of the Group was RMB1,219 million, representing an increase of 52.6% when compared with RMB799 million in the corresponding period of 2020. The growth was mainly attributable to the number of projects put into production increased to 37 projects from 26 projects in the corresponding period of last year, and the economic recovery and gradual production resumption of corporations under the contained COVID-19 outbreak, resulting in a corresponding increase in demand of waste treatment and hence the increase in the revenue of our environmental protection business.

Cost of sales

During the Review Period, cost of sales of the Group was RMB27,739 million, representing an increase of 26.0% when compared with RMB22,007 million in the corresponding period of 2020. The increase was mainly due to increase of land cost and construction cost. Land cost increased by 39.8% to RMB7,949 million when compared with RMB5,684 million in the corresponding period of 2020, while construction cost increased by 23.9% to RMB13,573 million when compared with RMB10,957 million in the corresponding period of 2020.

Gross profit

During the Review Period, gross profit of the Group was RMB10,849 million, representing a decrease of 5.8% when compared with RMB11,520 million in the corresponding period of 2020. During the Review Period, gross profit margin of the Group was 28.1%, representing a decrease of 6.3 percentage points when compared with 34.4% in the corresponding period of 2020. The decrease in gross profit and gross profit margin was mainly attributable to the decreased weightings by projects with higher profitability, with an increase in the proportion of projects with higher unit land cost which had a relatively low gross profit margin.

Other gains, net

During the Review Period, the other gains, net of the Group was RMB4,253 million representing an increase of 50.2% when compared with RMB2,832 million in the corresponding period of 2020, the increase was mainly attributable to (i) the gain on disposal of subsidiaries increased by 128.3% to RMB4,137 million from RMB1,812 million for the corresponding period in 2020; (ii) the gain on disposal of financial assets at fair value through profit or loss increased by 125.0% to RMB56 million from RMB25 million for the corresponding period in 2020; and (iii) the gain on remeasurement of relevant joint ventures transferred to subsidiaries amounted to RMB825 million for the corresponding period in 2020, which did not occur during the Review Period.

Other income

During the Review Period, other income of the Group was RMB788 million, representing an increase of 1.3% when compared with RMB778 million in the corresponding period of 2020, which was mainly attributable to the increase of interest income by 0.7% to RMB645 million from RMB641 million in the corresponding period of 2020 and also the increase of forfeited deposits by 103.6% to RMB7 million from RMB3 million in the corresponding period of 2020.

Selling and marketing costs

During the Review Period, selling and marketing costs of the Group was RMB1,273 million, which increased by 33.8% compared to RMB952 million in the corresponding period of 2020. As a percentage of revenue, the selling and marketing costs increased to 3.3% (2.8% in the corresponding period of 2020), the increase was mainly attributable to the increase of sales service fee resulting from enhancing marketing efforts.

Administrative expenses

During the Review Period, administrative expenses of the Group was RMB1,899 million, representing an increase of 10.8% when compared with RMB1,714 million in the corresponding period of 2020. Administrative expenses as a percentage of revenue decreased to 4.9% (corresponding period of 2020: 5.1%), as a result of the initial effect of the Group's control and management of its expenses.

Other expenses

During the Review Period, other expenses of the Group was RMB113 million, representing a decrease of 12.2% when compared with RMB128 million in the corresponding period of 2020, which was mainly attributable to the decrease of compensation and sundry expenses by 17.7% to RMB66 million compared to RMB80 million in corresponding period of 2020.

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, CMBS, ABS and lease liabilities 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 RMB1,239 million, representing a decrease of 7.7% when compared with RMB1,342 million in the corresponding period of 2020. The decrease was mainly attributable to the increase of RMB1,138 million in exchange gains from foreign currency denominated borrowings, and partially offset by the decrease of RMB495 million in fair value of derivative financial instruments.

Exchange gains from foreign currency denominated borrowings arising from translation of the Group's borrowings denominated in foreign currencies was RMB388 million, representing an increase of 151.7% from losses of RMB750 million in the corresponding period of 2020, which was resulting from the appreciation of Renminbi against United States dollars, Hong Kong dollars and Macau Pataca.

Fair value of derivative financial instruments represents the fair value of forward foreign exchange contracts carried out by the Group, and its fair value decreased by 124.8% from gains of RMB397 million in the corresponding period of 2020 to losses of RMB98 million, which was resulting from the appreciation of Renminbi against United States dollars.

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 RMB196 million, representing a decrease of 60.2% when compared with RMB491 million in the corresponding period of 2020. The decrease was mainly attributable to the fact that some of the associate and joint venture property development projects are in their development cycle and the results of operations are not yet recognized.

Profit attributable to shareholders

During the Review Period, on balance of the factors discussed above, profit attributable to shareholders of the Company was RMB5,290 million, representing an increase of 3.2% when compared with RMB5,127 million in the corresponding period of 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position and fund available

As at 30 June 2021, the total cash and bank balances of the Group were RMB57,160 million (31 December 2020: RMB50,865 million), comprising cash and cash equivalents of RMB46,512 million (31 December 2020: RMB41,926 million) and restricted cash of RMB10,648 million (31 December 2020: RMB8,939 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 2021, the Group's undrawn borrowing facilities were RMB5,984 million (31 December 2020: RMB4,141 million).

Borrowings

As at 30 June 2021, the Group's total borrowings amounted to RMB97,900 million, of which bank borrowings and other borrowings, senior notes, and PRC corporate bonds, CMBS and ABS amounted to RMB67,840 million, RMB17,589 million and RMB12,471 million respectively.

	As at 30 June 2021 <i>(RMB million)</i>	As at 31 December 2020 <i>(RMB million)</i>
Repayment schedule		
Bank borrowings and other borrowings		
Within 1 year	27,893	29,107
Over 1 year and within 2 years	14,489	20,739
Over 2 years and within 5 years	21,546	16,515
Over 5 years	3,912	3,778
Subtotal	67,840	70,139
Senior notes		
Within 1 year	7,101	3,907
Over 1 year and within 2 years	1,287	4,547
Over 2 years and within 5 years	9,201	6,377
Subtotal	17,589	14,831

Repayment schedule (continued)	As at 30 June 2021 (RMB million)	As at 31 December 2020 (RMB million)
PRC Corporate Bonds, CMBS and ABS		
Within 1 year	4,493	5,555
Over 1 year and within 2 years	3,945	3,943
Over 2 years and within 5 years	4,033	3,345
Subtotal	<u>12,471</u>	<u>12,843</u>
Total	<u>97,900</u>	<u>97,813</u>

As at 30 June 2021, the Group's bank borrowings (including syndicated loans) of RMB45,849 million (31 December 2020: RMB42,518 million) and other borrowings of RMB9,713 million (31 December 2020: RMB11,283 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 RMB2,521 million as at 30 June 2021 (31 December 2020: RMB2,957 million).

The ABS and CMBS of RMB949 million (31 December 2020: RMB1,154 million) and RMB4,080 million (31 December 2020: RMB4,095 million) were secured by the group's trade receivables, 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 2021, the gearing ratio was 45.3% (31 December 2020: 61.0%).

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 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.

As at 30 June 2021, the Group had capped forward contracts of USD800 million. During the Review Period, the Group recorded RMB98 million fair value losses (corresponding period of 2020: RMB397 million fair value gains) in derivative financial instruments.

Cost of borrowings

During the Review Period, the total cost of borrowings of the Group was RMB3,556 million, representing a decrease of 1.2% when compared with RMB3,600 million in corresponding period of 2020. The decrease was mainly attributable to lower borrowing rate during the Review Period. The Group's effective borrowing rate for the period was 5.96% (corresponding period of 2020: 6.78%).

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 2021, the outstanding guarantees amounted to RMB47,653 million (31 December 2020: RMB51,378 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 RMB2,564 million (31 December 2020: RMB2,243 million). The Group's share of the guarantees amounted to RMB1,232 million (31 December 2020: RMB1,109 million).

Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB13,304 million (31 December 2020: RMB10,390 million). The Group's share of the guarantees amounted to RMB8,101 million (31 December 2020: RMB5,111 million).

As at 30 June 2021, the Company has provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB2,190 million (31 December 2020: RMB1,677 million).

Commitments

As at 30 June 2021, the commitments of the Group in connection with the property development activities were RMB29,473 million (31 December 2020: RMB23,314 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB6,079 million (31 December 2020: RMB8,244 million). Additionally, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB689 million (31 December 2020: RMB829 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.

On 11 February 2021, pursuant to further cooperation instruments entered into by an independent third party acquirer (the "**Acquirer**"), the relevant subsidiaries of the Company and the relevant project companies of the Company, pursuant to which the Company disposed of its interest in certain project companies to the Acquirer, the total commitment of the Acquirer in the project companies amounted to RMB6,072 million, please refer to the announcements of the Company dated 24 December 2020 and 11 February 2021.

On 28 May 2021, A-Living being a limited liability company established in the PRC on 26 June 1997 and converted into a joint stock company with limited liability on 21 July 2017, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3319), entered into a placing agreement with a placing agent pursuant to which the placing agent shall procure on a fully underwritten basis, not less than six (6) places to subscribe for an aggregate of 86,666,800 new H shares in A-Living at the placing price of HK\$37.60 per H share.

Upon completion of the placing, a total of 86,666,800 H shares of A-Living were allotted and issued to not less than six (6) placees at the placing price of HK\$37.60 per H share, and the issued number of shares of A-Living increased from 1,333,334,000 shares to 1,420,000,800 shares and the shareholding interest in A-Living owned by the Company decreased from 54.09% to 50.80%. Furthermore, upon completion of the placing, A-Living continues to be a subsidiary of the Company. The overall net change of the Company's ownership interest in A-Living did not result in the loss of control in A-Living, and the financial results of A-Living continues to be consolidated in that of the Company.

The placing constitutes a deemed disposal of the Company under Chapter 14 of the Listing Rules. Details of the placing of new H shares were set out in the announcement of the Company dated 28 May 2021.

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 Review Period

- (a) On 15 July 2021, the Company issued senior notes at 5.5% with an aggregate nominal value of US\$314,000,000 (equivalent to approximately RMB2,035,819,000) at face value. The net proceeds, deducting the issuance costs, of approximately US\$311,000,000 (equivalent to approximately RMB2,018,530,000). The senior notes will mature on 21 April 2025.
- (b) On 19 July 2021, the Company redeemed all the outstanding 2018 Senior Notes at a redemption price of US\$600,000,000 (equivalent to approximately RMB3,882,540,000).
- (c) On 15 July 2021, Farsail Goldman International Limited ("**Farsail Goldman**"), an indirect wholly-owned subsidiary of the Company, and Shenzhen Lvjin Enterprise Management Co., Ltd. ("**Shenzhen Lvjin**"), an indirect wholly-owned subsidiary of Greenland Holdings Group Company Limited, entered into a share transfer agreement, pursuant to which Farsail Goldman agreed to purchase, and Shenzhen Lvjin agreed to sell, an aggregate of 50,000,000 overseas listed shares of A-Living at HK\$32 per share, for a total consideration of HK\$1,600 million (the "**Purchase**"). Following completion of the Purchase, the Company is interested in 771,256,750 overseas listed shares of A-Living, representing approximately 54.31% of the total issued share capital of A-Living.

Save as disclosed above, the Group did not have any other material event after the Review Period.

Employees and remuneration policy

As at 30 June 2021, the Group had a total of 83,463 employees, among which 406 were senior management and 2,001 were middle management. By geographical locations, there were 83,300 employees in mainland China, 77 employees in Hong Kong and 86 employees in overseas. For the six months ended 30 June 2021, the total remuneration costs, including directors' remuneration, were RMB3,841 million (corresponding period of 2020: RMB3,128 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

During the Review Period, many countries around the world continued to be affected by the rampant outbreak of COVID-19, and the pace of recovery was inconsistent across economies as many countries around the world stepped up vaccination efforts and some countries gradually lifted confinement measures. With the Central Government effectively coordinating the prevention and control of the outbreak, China's economy showed a strong recovery. During the Review Period, China's GDP increased by 12.7% compared to that of last year and the Central Government expects GDP growth for the year to reach 8%.

The Group continues to monitor the situation of the pandemic and is actively addressing its impact on the Group's financial position and results of operations. During the Review Period, COVID-19 did not have any material adverse impact on the financial position and operation results of the Group.

Outlook

In the second half of 2021, as various countries around the globe have progressively vaccinated their citizens and some countries gradually lift the closure measures, the economic activities of the countries around the world and all walks of life are expected to gradually return to normal in an orderly manner. In China, according to the Central Government's "14th Five-Year Plan", the healthy development of the real estate market is closely related to the people's livelihood and the long-term sustainable development of the economy. The Central Government will continue to adhere to the principle of "houses are for living in, not for speculation" and properly implement the long-term mechanism of "stabilising land prices, housing prices and expectations" on the basis of respecting market regulations and improving the construction of relevant systems.

The Group firmly believes in, and will adhere to the business model of "focusing on property development, supported by a synergy of diversified businesses". Through the efforts of all employees, the overall business will be in steady development, which will further increase the brand awareness of Agile across the nation and maintain its position in the competitive market.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK50.0 cents (2020: HK50.0 cents) per ordinary share payable in cash to shareholders of the Company. Interim dividend will be payable on or about Thursday, 16 September 2021 to the shareholders whose names appear on the register of members of the Company on Thursday, 9 September 2021.

CLOSURE OF REGISTER OF MEMBERS AND OTHER KEY DATES

To determine the shareholders' entitlement to the interim dividend

Ex-entitlement date for interim dividend	:	Friday, 3 September 2021
Latest time for lodging transfer documents of shares	:	4:30 p.m. on Monday, 6 September 2021
Period of closure of register of members	:	Tuesday, 7 September 2021 to Thursday, 9 September 2021 (both dates inclusive)
Record date	:	Thursday, 9 September 2021

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 the latest time for lodging transfer documents of shares set out above.

REVIEW OF INTERIM RESULTS

The Company's audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021.

The interim results of the Group for the six months ended 30 June 2021 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 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2021, 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 12 January 2021, Guangzhou Panyu Agile Realty Development Co., Ltd.^ (廣州番禺雅居樂房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company incorporated in China) redeemed all of its outstanding domestic corporate bonds in an aggregate principal amount of RMB1,600 million due 2021 with an initial coupon rate of 4.7% at the redemption price of RMB100 each, being its face value, plus accrued and unpaid interests.

Save as disclosed above, during the six months ended 30 June 2021, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

On 19 July 2021, the Company redeemed all of its outstanding 8.5% senior notes due 2021 in an aggregate principal amount of US\$600 million at the redemption price equal to 100% of the principal amount plus accrued and unpaid interests.

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 2021 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, 18 August 2021

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#, Mr. Kwong Che Keung, Gordon#, Mr. Hui Chiu Chung, Stephen# and Mr. Wong Shiu Hoi, Peter#.*

* *Executive Directors*

** *Non-executive Directors*

Independent Non-executive Directors

^ *for identification purpose only*