AGILE
雅居樂

AGILE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3383)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

HIGHLIGHTS

Financial Highlights

	For the six months ended 30 June	
	2023	2022
Revenue *(RMB million)*	**20,002**	31,645
Gross profit *(RMB million)*	**2,007**	7,398
(Loss)/profit for the period *(RMB million)*	**(3,611)**	3,354
(Loss)/profit attributable to shareholders of the Company *(RMB million)*	**(4,475)**	2,401
Basic (loss)/earnings per share *(RMB)*	**(0.963)**	0.618

Operational Highlights

For the six months ended 30 June 2023:

- The Group's pre-sold value was RMB28.23 billion, while the corresponding accumulated gross floor area ("**GFA**") pre-sold was 1.891 million sq.m., with an average selling price of RMB14,930 per sq.m..

- As at 30 June 2023, the Group had a land bank with total planned GFA of 38.64 million sq.m. in a total of 79 cities and regions, with an average land cost of RMB3,200 per sq.m..

- Revenue from property development business and diversified businesses accounted for 58.7% and 41.3% respectively. The proportion of revenue from diversified businesses increased by 16.5 percentage points when compared with the corresponding period last year.

- As at 30 June 2023, the Group's total debt reduced by RMB1,918 million when compared with 31 December 2022.

- As at 30 June 2023, the Group's total cash and bank balances amounted to RMB15,375 million.

- As at 30 June 2023, the Group's net gearing ratio was 58.7%, increased by 1.4 percentage points when compared with 31 December 2022.

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the board of directors (the "**Board**") of Agile Group Holdings Limited ("**Agile**" or the "**Company**") and its subsidiaries (collectively, the "**Group**"), I hereby present the interim results of the Group for the six months ended 30 June 2023 (the "**Review Period**").

Results

During the Review Period, revenue and gross profit of the Group amounted to RMB20,002 million and RMB2,007 million, respectively. Overall gross profit margin of the Group was 10%. During the Review Period, loss of the Group and loss attributable to shareholders of the Company were RMB3,611 million and RMB4,475 million, respectively.

During the Review Period, revenue from recognised sales of the Group's property development and diversified businesses were RMB11,732 million and RMB8,270 million, accounting for 58.7% and 41.3% respectively. The proportion of revenue from diversified businesses increased by 16.5 percentage points when compared with the corresponding period last year. The rise reflects the sustained effectiveness of the Group's operating model of "focusing on property development, supported by a synergy of diversified businesses".

Market Review

During the Review Period, the Board of Governors of the Federal Reserve System (the "**Federal Reserve**") narrowed the increase to interest rates and paused in June for the first time upon ten consecutive interest rate hikes. Coupled with the influences of high prices of energy and food, high inflation and banking crisis, the growth of the US economy remained weak. In China, with the sustained effectiveness of the policy "stabilising economic growth, employment and prices", the overall economic operation recovered in a continuous manner, boosting property sales at the same time. The People's Bank of China continued to adopt a relaxed monetary policy to stimulate the economy, and it is expected that China's gross domestic product targets an annual growth of around 5% for 2023.

During the Review Period, the Central Government continued to adhere to the long-term goal of "houses are for living in, not for speculation", proceeded to improve the regulatory policies of the real estate industry, strengthened the establishment of housing security system, and supported the fundamental and upgraded demands for housing. Under the policy of "formulating policies according to each city's specific condition", the property market policy has been appropriately eased by relaxing the restrictions on property purchases, loans and sales, by reducing proportion of down payment and reducing home loan interest, and by increasing the subsidies for property purchase, facilitating the further release of home purchase demands.

Pre-sold in the First Half of the Year

During the Review Period, the aggregated pre-sold 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 RMB28.23 billion, while the corresponding aggregated GFA pre-sold and average selling price were 1.891 million sq.m. and RMB14,930 per sq.m. respectively. During the Review Period, there were 187 projects for sale.

Quality Land Bank and Inventory to Satisfy Future Sales Demand

As at 30 June 2023, the Group had a land bank with a total planned GFA of approximately 38.64 million sq.m. in 79 cities. The Group also 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. The Group held approximately 10.03 million sq.m. of land bank in the Greater Bay Area, which accounted for approximately 26.0% of its total land bank, with 46 development projects. In the Yangtze River Delta, the Group held 4.17 million sq.m. of land bank, which accounted for approximately 10.8% of its total land bank, with 41 development projects. In Hong Kong, the Group had two high-quality property projects, including the King's Road & Mount Parker Road Project and the Kowloon Tong Eastbourne Road Project, with an aggregate land bank of 20,389 sq.m..

The Group had a total of four projects under development in overseas, including two high-quality property projects in Malaysia, namely Agile Bukit Bintang Kuala Lumpur and Agile Embassy Garden Kuala Lumpur, and Agile Sky Residence Phnom Penh and the Project 88 under development in Phnom Penh, Cambodia and San Francisco, the United States, respectively. As at 30 June 2023, the Group held 304,507 sq.m. of land bank overseas, which accounted for approximately 0.8% of its total land bank.

The Group adopts a prudent yet proactive development strategy with China's property market as the main development location, complementing with prudent strategies for expansion in overseas markets.

Increase in Contribution of Diversified Businesses

In respect of diversified businesses, the Group's property management and others (including environment protection and commercial management) continued to generate synergies, and provided solid revenue for the Group. During the Review Period, the contributions of revenue from property development business and revenue from diversified businesses were 58.7% and 41.3%, respectively, in which, the contribution of revenue from diversified businesses increased by 16.5 percentage points when compared with the corresponding period last year, demonstrating the consistent results of the Group's "focusing on property development, supported by a synergy of diversified businesses" operating model.

A-Living Continued to Leverage First-mover Advantage in Market Oriented Development and Further Developed Non – and Existing Residential Property Markets

Although the growth rate of property management companies has slowed down in the era of a property market dominated by housing inventory, the industry is in consolidation and keeps developing. Branded property management companies have been building up their presence in the markets for non-residential properties and existing residential properties, and have been refocusing themselves on their original aspiration to provide good service to property owners, and enhancing their service capabilities in order to maintain the advantage of economies of scale in the fiercely competitive market.

In the first half of 2023, A-Living Smart City Services Co., Ltd.^ (雅生活智慧城市服務股份有限公司) ("**A-Living**") continued to leverage its first-mover advantage in market oriented development and further developed the markets for non-residential properties and existing residential properties. A-Living maintained its leading position in the industry in terms of market expansion of the third-party projects and ranked second among the Top 100 Property Management Companies in China for 2023. During the Review Period, A-Living enhanced its capability to provide quality service and further built up its presence throughout the entire value chain of the property management industry. It also focused on improving operational efficiency and strengthening cash flow management while expanding its business scale, with the aim of achieving quality growth.

As at 30 June 2023, the GFA under management and contracted GFA of A-Living reached 575.4 million sq.m. and 762.1 million sq.m. respectively. The scale of third-party projects increased rapidly through A-Living's market expansion, with the contracted GFA reaching 614.3 million sq.m., and newly obtained contracted GFA exceeding 30.0 million sq.m., which represented an increase of 5.3% compared with that as at 31 December 2022 and accounted for 80.6% of the total contracted GFA. Third-party projects were the main source of growth in A-Living's management scale.

Refined Operation and Improved Efficiency Make Environmental Protection Business Widely Recognised in the Industry

During the Review Period, with the full release of the effective production capacity and vigorously expansion of the market in the environmental protection business, the collection, transportation, and disposal volume increased significantly as compared to the same period last year. In the environmental protection business, the "refined" management was solidly promoted, the project operational efficiency was significantly improved, and the cash collection increased as compared to the same period last year. Among them, the revenue and profit of the industrial park have steadily increased, the construction has been rapidly advancing, and the thermal power plant has successfully commenced operation.

The environmental protection business won the "Top 50 Environmental Enterprises in China" again and the "Annual Benchmark for Investment and Operation of Hazardous Waste Treatment" award issued by the E20 Environmental Platform, demonstrating that the business is recognised in the industry.

Enhance the Cash Flow of the Group through Equity Financing

During the Review Period, the Company conducted top-up placing and subscription of a total of 220 million shares of Agile in January, with total proceeds of approximately HK$489 million. As at 30 June 2023, the total issued share capital of the Company was 4,700,047,500 shares, of which held by the Chen's Family and directors of the Company accounted for approximately 62.49% of the total issued share capital of the Company.

During the Review Period, the Group's existing share award scheme was terminated in June. The termination of the existing share award scheme would reduce administrative costs of the Company and improve the cash flow position of the Company.

Continue Stable Financial Strategy and Proactively Explore Financing Channels

A healthy financial position is the backbone of the Group's rapid business development and the Group continues its consistent stable financial strategy and proactively explores financing channels, aiming at optimising the debt structure both onshore and offshore.

During the Review Period, in offshore, the 2020 syndicated loan refinancing comprising two tranches in the amount of approximately HK$2.308 billion and approximately US$36.9 million with a term of 12 months was granted to the Group in March, and the 2021 syndicated loan refinancing comprising two tranches in the amount of approximately HK$5.257 billion and approximately US$47.2 million with a term of 19 months was granted to the Group in May. The total equivalents of refinancing value of the above two syndicated loans exceed HK$8.2 billion.

In onshore, the Group issued RMB1,200 million 4.70% public notes due 2026 in January; and publicly issued RMB700 million corporate bonds in March. In addition, in April, the Group repurchased and fully resold RMB10.124 million out of its public domestic corporate bonds of RMB1,450 million with an initial coupon rate of 5.9% due 2024.

The Group is dedicated to controlling its financing costs, the effective borrowing rate was 7.28%. As at 30 June 2023, the Group's net gearing ratio was 58.7%. Total cash and bank deposits amounted to RMB15,375 million.

Good Corporate Governance and Performing Corporate Social Responsibilities

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 of Hong Kong Limited (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.

Throughout 30 years of development, the Group developed projects at different development stages, such as urban high-end products, low density products, large residential buildings and tourism real estate, and launched the “5N omni-dimensional product system” which included A-Garden, A-County, A-Home, A-Mansion and Mountain & Sea Series, and “5S+ Living Service System”, a full-cycle service standard to cover from property hunting to after moving-in.

The Group has always been committed to becoming a provider of quality living services by focusing on people’s pursuit of a beautiful life and a world-class, visionary and exceptional developer, establishing role models of human life to create an outstanding experience of “Lifestyle of a Lifetime” for owners, partners and employees. The Group is also playing its part in environment protection, cares about the wellbeing 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 2023, the market will continue to pay attention to the impact of the interest rate hikes by the Federal Reserve, the banking crisis, inflations and other factors on the global economy. The demand in the domestic market remains insufficient and more efforts should be made on the promotion of high-quality development. As the impact of the COVID-19 pandemic subsides and social order returns to normal, China's economy continues to recover and is expected to achieve expansionary growth in the second half of the year.

The Central Government will adapt to the new situation that the supply and demand of China's real estate market has been materially changed, adjusting and optimising real estate policies in due course, and applying various policies in accordance with different cities, so as to better fulfill the fundamental and upgraded demands for housing and to facilitate the steady and healthy development of the real estate market.

The Group firmly believes in adhering 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 develop steadily, and 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 making contribution to society through participating in charitable activities.

Acknowledgement

On behalf of the board of directors of the Company, I would like to extend our heartfelt gratitude to our shareholders, customers, staff and other stakeholders for their unwavering support and dedication in contributing and sustaining steady growth of the Group.

CHEN Zhuo Lin
Chairman and President

Hong Kong, 30 August 2023

RESULTS

Unaudited interim results for the six months ended 30 June 2023:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
Revenue	*5*	**20,001,877**	31,644,691
Cost of sales		**(17,995,014)**	(24,246,224)
Gross profit		**2,006,863**	7,398,467
Other income and gains, net	*5*	**466,524**	3,830,359
Selling and marketing costs		**(736,424)**	(1,008,356)
Administrative expenses		**(1,436,651)**	(1,715,557)
Net impairment losses on financial and contract assets		**(677,521)**	(564,300)
Other expenses		**(1,190,873)**	(101,389)
		(1,568,082)	7,839,224
Finance costs, net	*6*	**(1,069,030)**	(1,440,189)
Share of profits and losses of investments accounted for using the equity method		**(337,254)**	(352,720)
(Loss)/profit before income tax		**(2,974,366)**	6,046,315
Income tax expenses	*7*	**(636,558)**	(2,692,249)
(Loss)/profit for the period		**(3,610,924)**	3,354,066
(Loss)/profit attributable to:			
— Shareholders of the Company		**(4,475,392)**	2,401,137
— Holders of Perpetual Capital Securities		**511,636**	475,922
— Non-controlling interests		**352,832**	477,007
		(3,610,924)	3,354,066
(Loss)/earnings per share attributable to the shareholders of the Company for the period			
— Basic and diluted (in RMB per share)	*9*	**(0.963)**	0.618

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period	**(3,610,924)**	3,354,066
Other comprehensive (loss)/income for the period		
Items that will not be reclassified subsequently to profit or loss		
— Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	**–**	(2,338)
— Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	**20,118**	14,958
Items that may be reclassified to profit or loss		
— Currency translation differences	**2,369**	(201)
Other comprehensive income for the period, net of tax	**22,487**	12,419
Total comprehensive (loss)/income for the period	**(3,588,437)**	3,366,485
Total comprehensive (loss)/income attributable to:		
— Shareholders of the Company	**(4,449,400)**	2,414,734
— Holders of the Perpetual Capital Securities	**511,636**	475,922
— Non-controlling interests	**349,327**	475,829
	(3,588,437)	3,366,485

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		**13,886,179**	13,827,590
Investment properties		**9,466,081**	9,367,543
Right-of-use assets		**2,761,279**	2,848,669
Goodwill		**4,668,472**	4,668,472
Other intangible assets		**1,553,545**	1,684,010
Investments accounted for using the equity method		**27,252,271**	28,774,197
Properties under development		**18,996,793**	19,919,251
Other receivables	*10*	**11,927,141**	8,381,269
Financial assets at fair value through other comprehensive income		**32,093**	32,093
Deferred income tax assets		**4,464,807**	3,765,838
		95,008,661	93,268,932
CURRENT ASSETS			
Completed properties held for sale		**17,333,572**	19,603,176
Inventories		**297,417**	283,886
Prepayments for acquisition of land use rights		**2,062,658**	2,062,840
Contract assets		**3,625,053**	4,164,317
Properties under development		**64,232,926**	67,116,816
Trade and other receivables	*10*	**55,665,660**	61,502,865
Prepaid income taxes		**5,037,027**	4,348,755
Financial assets at fair value through profit or loss		**3,363,168**	2,846,949
Restricted cash		**8,344,964**	7,628,349
Cash and cash equivalents		**7,029,557**	8,463,079
Assets of disposal groups classified as held for sale		**786,452**	2,092,251
		167,778,454	180,113,283
Total assets		**262,787,115**	273,382,215

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Notes	**30 June 2023** *RMB'000* **(Unaudited)**	31 December 2022 *RMB'000* (Audited)
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital and premium		**5,124,758**	4,705,779
Shares held for Share Award Scheme		**(133,874)**	(156,588)
Reserves		**31,401,452**	35,897,012
		36,392,336	40,446,203
Perpetual Capital Securities		**13,736,113**	13,224,477
Non-controlling interests		**21,757,761**	22,056,183
Total equity		**71,886,210**	75,726,863
LIABILITIES			
NON-CURRENT LIABILITIES			
Borrowings		**36,080,022**	35,458,984
Other payables	*11*	**4,887,775**	5,500,842
Financial liabilities at fair value through profit or loss		**489,431**	434,595
Lease liabilities		**119,596**	136,636
Deferred income tax liabilities		**3,482,591**	3,869,070
		45,059,415	45,400,127
CURRENT LIABILITIES			
Borrowings		**21,487,814**	24,027,305
Trade and other payables	*11*	**54,380,001**	60,156,496
Financial liabilities at fair value through profit or loss		**138,207**	144,333
Contract liabilities		**47,599,301**	45,870,354
Lease liabilities		**153,316**	195,862
Current income tax liabilities		**21,598,703**	20,803,206
Liabilities directly associated with assets classified as held for sale		**484,148**	1,057,669
		145,841,490	152,255,225
Total liabilities		**190,900,905**	197,655,352
Total equity and liabilities		**262,787,115**	273,382,215

Notes:

1 GENERAL INFORMATION

Agile Group Holdings Limited (the "**Company**") 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 (the "**Group**") 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 Stock Exchange since 15 December 2005.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") for the first time for the current period's financial information.

Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to HKAS 8	*Definition of Accounting Estimates*
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to HKAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

(a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.

(b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments did not have any impact on the financial position or performance of the Group.

(d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact on the Group.

4 OPERATING SEGMENT INFORMATION

The executive directors of the Company, which are the chief operating decision-makers 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. The associates and joint ventures of the Group are principally engaged in property development and property management and are included in the property development and property management segment respectively.

(a) Property development segment mainly comprises the business units involved in development and sales of properties, provision of property construction services 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 (loss)/profit before income tax and revenue, separate segment information is not considered necessary.

As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the Mainland China, and most of the non-current assets are located in Mainland China, entity-wide geographical information for revenue and non-current assets are not considered necessary.

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

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties. Eliminations comprise inter-segment trade and non-trade balances. Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, other intangible assets, properties under development, completed properties held for sale, investment properties, prepayment for acquisition of land use rights, receivables, contract assets and cash and bank balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. 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 other intangible assets including assets from acquisition of subsidiaries during the period.

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Segment results for the six months ended 30 June 2023 and 2022 are as follows:

Six months ended 30 June 2023 (unaudited)

	Property development *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Group *RMB'000*
Gross segment sales	**11,731,984**	**7,698,512**	**1,208,239**	**20,638,735**
Inter-segment sales	**–**	**(636,858)**	**–**	**(636,858)**
Sales to external customers	**11,731,984**	**7,061,654**	**1,208,239**	**20,001,877**
Fair value losses on investment properties	**–**	**–**	**(7,922)**	**(7,922)**
Operating (losses)/profits	**(2,393,889)**	**807,773**	**18,034**	**(1,568,082)**
Share of profits and losses of investments accounted for using the equity method	**(342,277)**	**11,243**	**(6,220)**	**(337,254)**
Segment result	**(2,736,166)**	**819,016**	**11,814**	**(1,905,336)**
Finance costs, net *(note 6)*				**(1,069,030)**
Loss before income tax				**(2,974,366)**
Income tax expenses *(note 7)*				**(636,558)**
Loss for the period				**(3,610,924)**
Depreciation and amortisation	**181,115**	**188,527**	**232,404**	**602,046**
Write-down of completed properties held for sale and properties under development	**862,594**	**–**	**–**	**862,594**
Net impairment losses on financial and contract assets	**672,270**	**23,515**	**(18,264)**	**677,521**

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Segment results for the six months ended 30 June 2023 and 2022 are as follows: (Continued)

Six months ended 30 June 2022 (unaudited)

	Property development *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Group *RMB'000*
Gross segment sales	23,776,170	7,619,866	1,295,254	32,691,290
Inter-segment sales	–	(1,046,599)	–	(1,046,599)
Sales to external customers	23,776,170	6,573,267	1,295,254	31,644,691
Fair value gains on investment properties	–	15,764	–	15,764
Operating profits/(losses)	6,988,806	876,889	(26,471)	7,839,224
Share of profits and losses of investments accounted for using the equity method	(376,800)	29,807	(5,727)	(352,720)
Segment result	6,612,006	906,696	(32,198)	7,486,504
Finance costs, net *(note 6)*				(1,440,189)
Profit before income tax				6,046,315
Income tax expenses *(note 7)*				(2,692,249)
Profit for the period				3,354,066
Depreciation and amortisation	235,181	175,898	245,503	656,582
Write-down of completed properties held for sale and properties under development	1,366,409	–	–	1,366,409
Net impairment losses on financial and contract assets	342,302	211,373	10,625	564,300

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities and capital expenditure as at 30 June 2023 are as follows (unaudited):

	Property development *RMB'000*	**Property management** *RMB'000*	**Others** *RMB'000*	**Elimination** *RMB'000*	**Group** *RMB'000*
Segment assets	**203,021,337**	**21,309,175**	**28,586,222**	**(3,026,718)**	**249,890,016**
Unallocated assets					**12,897,099**
Total assets					**262,787,115**
Segment assets include:					
Investments accounted for using the equity method	**25,882,506**	**1,177,199**	**192,566**	**–**	**27,252,271**
Segment liabilities	**101,882,379**	**10,657,773**	**17,065,062**	**(3,026,718)**	**126,578,496**
Unallocated liabilities					**64,322,409**
Total liabilities					**190,900,905**
Capital expenditure	**385,433**	**138,958**	**195,847**	**–**	**720,238**

Segment assets and liabilities and capital expenditure as at 31 December 2022 are as follows (audited):

	Property development *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Elimination *RMB'000*	Group *RMB'000*
Segment assets	216,105,540	20,809,461	29,421,192	(3,947,613)	262,388,580
Unallocated assets					10,993,635
Total assets					273,382,215
Segment assets include:					
Investments accounted for using the equity method	27,405,840	1,169,571	198,786	–	28,774,197
Segment liabilities	95,387,748	9,704,211	11,773,513	(3,947,613)	112,917,859
Unallocated liabilities					84,737,493
Total liabilities					197,655,352
Capital expenditure	318,406	478,667	2,661,882	–	3,458,955

4 OPERATING SEGMENT INFORMATION (CONTINUED)

Non-current assets

As at 30 June 2023 and 31 December 2022, non-current assets of the Group were mainly located in Mainland China.

Information about a major customer

During the current and prior periods, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

5 REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers		
Sales of properties and construction services	**11,731,984**	23,776,170
Property management services	**7,061,654**	6,573,267
Others	**1,094,127**	1,161,567
Revenue from other sources		
Gross rental income from investment property operating leases	**114,112**	133,687
	20,001,877	31,644,691

Revenue from contracts with customers

(a) Disaggregated revenue information (unaudited)

	Property development *RMB'000*	**Property management** *RMB'000*	**Others** *RMB'000*	**Group** *RMB'000*
For the six months ended 30 June 2023				
Types of goods and services				
— Sales of properties and construction services	**11,731,984**	**–**	**–**	**11,731,984**
— Property management services	**–**	**7,061,654**	**–**	**7,061,654**
— Others	**–**	**–**	**1,094,127**	**1,094,127**
	11,731,984	**7,061,654**	**1,094,127**	**19,887,765**
Timing of revenue recognition				
— At a point in time	**10,166,120**	**382,948**	**381,696**	**10,930,764**
— Over time	**1,565,864**	**6,678,706**	**712,431**	**8,957,001**
	11,731,984	**7,061,654**	**1,094,127**	**19,887,765**

5 REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (unaudited) (Continued)

	Property development *RMB'000*	Property management *RMB'000*	Others *RMB'000*	Group *RMB'000*
For the six months ended 30 June 2022				
Types of goods and services				
— Sales of properties and construction services	23,776,170	–	–	23,776,170
— Property management services	–	6,573,267	–	6,573,267
— Others	–	–	1,161,567	1,161,567
	23,776,170	6,573,267	1,161,567	31,511,004
Timing of revenue recognition				
— At a point in time	20,154,259	188,146	369,701	20,712,106
— Over time	3,621,911	6,385,121	791,866	10,798,898
	23,776,170	6,573,267	1,161,567	31,511,004

5 REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

An analysis of other income and gains, net is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Other income		
Interest income	**141,565**	257,138
Interest income from related parties	**20,503**	126,658
Government grants	**52,678**	101,580
Miscellaneous	**15,563**	44,038
	230,309	529,414
Gains		
Gains from disposal of subsidiaries	**1,852**	1,375,855
Gains from disposal of joint ventures and associates	**–**	1,040,766
Losses on disposal of investment properties and property, plant and equipment	**–**	(282,020)
Fair value gains on investment properties	**–**	15,764
Net fair value gains on financial assets/liabilities at fair value through profit or loss	**–**	962,522
Fair value losses on put options written on non-controlling interests	**–**	(31,086)
Net gains/(losses) on remeasurement of pre-existing interests in joint ventures to acquisition date fair value	**6,835**	(5,094)
Exchange gains, net *(note (a))*	**211,887**	109,680
Gains on redemption of senior notes	**–**	111,474
Miscellaneous	**15,641**	3,084
	236,215	3,300,945
	466,524	3,830,359

(a) Amounts do not include the exchange gain or loss related to borrowings which are included in the "finance costs, net" (note 6).

6 FINANCE COSTS, NET

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Interest expense:		
— Bank borrowings, syndicated loans and other borrowings	**1,520,444**	1,243,240
— Senior notes and exchangeable bonds	**504,857**	534,444
— PRC Corporate Bonds, Panyu asset-backed securities ("Panyu ABS"), Commercial Mortgage Backed Securities ("CMBS") and Medium Term Notes ("MTN")	**258,456**	306,783
— Lease liabilities	**8,742**	12,407
Exchange losses from borrowings	**957,545**	1,620,085
	3,250,044	3,716,959
Less: interest and exchange losses capitalised	**(2,155,553)**	(2,081,987)
Changes in fair value of derivative financial instruments	**(25,461)**	(194,783)
	(2,181,014)	(2,276,770)
	1,069,030	1,440,189

7 INCOME TAX EXPENSES

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong during the periods.

Mainland China corporate income tax has been provided at the rate of 25% for the six months ended 30 June 2023 (six months ended 30 June 2022: 25%). Dividend distribution made by Mainland China subsidiaries, joint ventures and associates to shareholders outside of Mainland China in respect of their profits earned after 1 January 2008 is subject to withholding income tax at tax rates of 5% or 10%, where applicable.

Certain subsidiaries of the Group obtained the Certificate of High-New Technical Enterprise. According to the Corporate Income Tax Law of the PRC (the "**CIT Law**"), 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 six months ended 30 June 2023 was 15% (six months ended 30 June 2022: 15%).

Certain subsidiaries of the Group have enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the six months ended 30 June 2023 (six months ended 30 June 2022: 15%). 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%.

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". Such subsidiaries are not subject to CIT for the first three years since the year when the relevant subsidiaries generating revenue, and the relevant subsidiaries are subject to a preferential income tax rate of 12.5% for the next three years.

7 INCOME TAX EXPENSES (CONTINUED)

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 2022: 15%).

Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current income tax:		
Corporate income tax	**1,184,529**	2,533,631
Mainland China land appreciation tax	**544,135**	1,426,440
	1,728,664	3,960,071
Deferred income tax	**(1,092,106)**	(1,267,822)
Income tax expenses	**636,558**	2,692,249

8 DIVIDENDS

The Board did not propose any interim dividend for the six months ended 30 June 2023 and 2022.

9 (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share amounts is based on the (loss)/profit for the six months ended 30 June 2023 and 2022 attributable to shareholders of the Company, and the weighted average number of ordinary shares of 4,644,989,000 (30 June 2022: 3,882,578,000) in issue during the period less shares held for Share Award Scheme.

The calculations of basic and diluted (loss)/earnings per share are based on:

	Six months ended 30 June	
	2023	2022
	(unaudited)	(unaudited)
(Loss)/profit attributable to shareholders of the Company *(RMB'000)*	**(4,475,392)**	2,401,137
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme *('000)*	**4,644,989**	3,882,578
Basic and diluted (loss)/earnings per share *(RMB per share)*	**(0.963)**	0.618

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

10 TRADE AND OTHER RECEIVABLES

	30 June 2023 *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Trade receivables *(note (a))*		
— Third parties	**8,847,432**	10,207,660
— Joint ventures	**3,194,256**	2,644,462
— Associates	**42,419**	46,364
Gross trade receivables	**12,084,107**	12,898,486
Less: allowance for impairment of trade receivables	**(1,601,521)**	(1,430,091)
Total trade receivables	**10,482,586**	11,468,395
Other receivables due from:		
— Third parties	**26,158,762**	28,662,020
— Joint ventures	**19,743,569**	18,908,878
— Associates	**943,470**	1,035,207
— Other related parties	**252,781**	358,459
— Non-controlling interests	**4,673,993**	4,081,197
Loan and interest receivables due from related parties	**2,841,747**	2,968,591
Prepaid value added taxes and other taxes	**2,691,430**	1,887,148
Deposits for acquisition of land use rights	**724,317**	771,492
Prepayments	**909,941**	1,250,978
Gross other receivables	**58,940,010**	59,923,970
Less: allowance for impairment of other receivables	**(1,829,795)**	(1,508,231)
Total other receivables	**57,110,215**	58,415,739
Less: other receivables — non-current portion	**(11,927,141)**	(8,381,269)
Other receivables — current portion	**45,183,074**	50,034,470
Trade and other receivables — current portion	**55,665,660**	61,502,865

As at 30 June 2023 and 31 December 2022, 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, provision of construction services and provision of environmental protection services. Trade receivables are settled in accordance with respective sales and purchase agreements or services agreements. As at 30 June 2023 and 31 December 2022, the ageing analysis of the trade receivables based on invoice date is as follows:

	30 June 2023 *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Within 90 days	**4,251,767**	5,452,144
Over 90 days and within 365 days	**5,006,074**	3,677,415
Over 365 days	**2,826,266**	3,768,927
	12,084,107	12,898,486

11 TRADE AND OTHER PAYABLES

	30 June 2023 *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Trade payables *(note (a))*	**22,778,471**	27,585,540
Other payables due to:		
— Third parties	**12,830,045**	13,296,872
— Related parties	**10,875,660**	12,050,605
— Non-controlling interests	**3,285,066**	3,276,492
Staff welfare benefit payable	**1,137,559**	1,133,411
Accruals	**1,270,853**	2,072,339
Advances from disposal of subsidiaries	**50,380**	45,000
Other taxes payable	**7,039,742**	6,197,079
Total trade and other payables	**59,267,776**	65,657,338
Less: other payables — non-current portion	**(4,887,775)**	(5,500,842)
Trade and other payables — current portion	**54,380,001**	60,156,496

Note:

(a) The ageing analysis of trade payables of the Group based on invoice date as at 30 June 2023 and 31 December 2022 is as follows:

	30 June 2023 *RMB'000* **(unaudited)**	31 December 2022 *RMB'000* (audited)
Within 90 days	**9,487,374**	11,449,189
Over 90 days and within 180 days	**5,849,792**	5,870,261
Over 180 days and within 365 days	**5,564,129**	4,020,254
Over 365 days	**1,877,176**	6,245,836
	22,778,471	27,585,540

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the Review Period, the Group's revenue was RMB20,002 million (corresponding period of 2022: RMB31,645 million), representing a decrease of 36.8% over the corresponding period of 2022. The Group's operating loss was RMB1,568 million (corresponding period of 2022: operating profit of RMB7,839 million), representing a decrease of 120.0% over the corresponding period of 2022.

During the Review Period, the Group's loss was RMB3,611 million, representing a decrease of 207.7% when compared with profit of RMB3,354 million in the corresponding period of 2022.

During the Review Period, loss attributable to shareholders of the Company was RMB4,475 million, representing a decrease of 286.4% when compared with profit of RMB2,401 million in the corresponding period of 2022.

Basic loss per share was RMB0.963 for the period ended 30 June 2023 (corresponding period of 2022: basic earnings per share of RMB0.618).

The loss was primarily due to the following:

1. the real estate business environment is still unfavourable, which has led to a slowdown of property sales, a decrease in the overall sales area and also a decrease in gross profit margin compared to the same period of last year;

2. the sale of subsidiaries and joint ventures/associates accounted for using the equity method recorded losses compared with profits in the same period of last year;

3. loss on changes in fair value of financial assets through profit or loss against its gain in the corresponding period of last year; and

4. the continuous depreciation of Renminbi led to net exchange loss.

Land bank

As at 30 June 2023, the Group had a land bank with a total planned GFA of 38.64 million sq.m. in 79 cities located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan Region, Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB3,200 per sq.m., which was competitive.

Property development and sales

During the Review Period, revenue from recognised sales of property development of the Group was RMB11,732 million, representing a decrease of 50.7% when compared with RMB23,776 million in the corresponding period of 2022. Due to unfavourable operating environment in the real estate industry, which has weakened confidence of buyers and slowed down property sales, resulting in a decline in the overall sales area. The total recognised GFA sold was 0.76 million sq.m., representing a decrease of 52.5% when compared with the corresponding period of 2022.

DIVERSIFIED BUSINESS

Property management

During the Review Period, revenue from property management of the Group was RMB7,062 million, representing an increase of 7.4% when compared with RMB6,573 million in the corresponding period of 2022. As at 30 June 2023, the Group's total GFA under management was 575.4 million sq.m., representing an increase of 46.8 million sq.m. or a growth rate of 8.9% as compared with 528.6 million sq.m. as at 30 June 2022.

Others

Commercial management and environmental protection

During the Review Period, the Group's commercial management (including hotel operation and property investment) and environmental protection revenue amounted to RMB1,208 million, representing a decrease of 6.7% compared with RMB1,295 million in the corresponding period of 2022.

Cost of sales

The Group's cost of sales mainly refers to the costs incurred directly from its property development activities and property management activities, including the cost of construction, fitting-out and design, costs of land use rights, capitalised interest, employee benefit expenses, cleaning expenses, security expenses, tax surcharge and others.

During the Review Period, the cost of sales of the Group amounted to RMB17,995 million, representing a decrease of 25.8% compared with RMB24,246 million in the corresponding period of 2022. The total recognised GFA sold decreased by 52.5% to 0.76 million sq.m. in first half year of 2023 when compared with 1.61 million sq.m. in the corresponding period of 2022 due to the unfavourable operating environment in the real estate industry and property sales have slowed down. The recognised average cost increased to RMB14,625 per sq.m. in first half year of 2023, representing an increase of 29.8% when compared with RMB11,268 per sq.m. in the corresponding period of 2022. This is mainly due to the increase of average construction cost and land cost.

Gross profit

During the Review Period, gross profit of the Group was RMB2,007 million, representing a decrease of 72.9% when compared with RMB7,398 million in the corresponding period of 2022. During the Review Period, gross profit margin of the Group was 10.0%, representing a decrease of 13.4 percentage points when compared with 23.4% in the corresponding period of 2022. The decrease in gross profit and gross profit margin was mainly due to unfavourable operating environment in the real estate industry, which has weakened confidence of buyers and slowed down property sales, resulting in a decline in the overall sales area. The recognised average selling price increased by 3.8% over the corresponding period of 2022, and the relevant average costs such as construction cost and land cost increased by 29.8% compared to the corresponding period of 2022, causing the decline of gross profit and gross profit margin.

Other income and gains, net

During the Review Period, other income and gains, net of the Group were gain of RMB467 million, representing a decrease of 87.8% compared with gain of RMB3,830 million in the corresponding period of 2022. The change was mainly attributable to the followings:

(i) the interest income of RMB162 million, representing a decrease of RMB222 million compared with RMB384 million in the corresponding period of 2022;

(ii) gains on disposal of subsidiaries of RMB2 million, representing a significant decrease of RMB1,374 million compared with RMB1,376 million in the corresponding period of 2022; and

(iii) gains on disposal of joint ventures and associates of RMB1,041 million in the corresponding period of 2022 whereas losses were recorded for the Review Period and were included in other expenses.

Selling and marketing costs

During the Review Period, the Group's selling and marketing costs amounted to RMB736 million, representing a decrease of 27.0% compared with RMB1,008 million in the corresponding period of 2022. The decrease was mainly due to the decrease in commission fee and advertising fee.

Administrative expenses

During the Review Period, the Group's administrative expenses amounted to RMB1,437 million, representing a decrease of 16.3% compared with RMB1,716 million in the corresponding period of 2022. Such decrease was mainly due to the stringent cost control by the Group during the Review Period.

Other expenses

During the Review Period, other expenses of the Group was RMB1,191 million, representing an increase of 1,074.6% when compared with RMB101 million in the corresponding period of 2022, which was mainly attributable to the increase in net fair value losses on financial assets/liabilities at fair value through profit or loss and loss on disposal of joint ventures and associates.

Finance costs, net

The Group's finance costs mainly consist of interest expenses on bank borrowings, other borrowings, senior notes, exchangeable bonds, PRC corporate bonds, Panyu ABS, CMBS, MTN and lease liabilities, deduct capitalised interests and exchange gains or losses on foreign currency denominated borrowings.

During the Review Period, the Group's net finance costs amounted to RMB1,069 million, representing a decrease of 25.8% as compared to RMB1,440 million in the corresponding period of 2022 which mainly consisted of the following items:

(i) due to the higher effective interest rate of borrowings of the Group, interest expenses increased by 9.3% from RMB2,097 million in the corresponding period of 2022 to RMB2,292 million in the Review Period; and

(ii) exchange loss on foreign currency borrowings arising from the translation of the Group's foreign currency denominated borrowings was RMB958 million due to the depreciation of RMB.

Share of profits and losses of investments accounted for using the equity method

During the Review Period, the share of losses of investments accounted for using the equity method was RMB337 million, representing a decrease of 4.4% when compared with loss of RMB353 million in the corresponding period of 2022.

(Loss)/profit attributable to shareholders

Loss attributable to shareholders of the Company was RMB4,475 million for the period ended 30 June 2023, representing a decrease of 286.4% when compared with profit of RMB2,401 million for the corresponding period of 2022.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position and fund available

As at 30 June 2023, the total cash and bank balances of the Group were RMB15,375 million (31 December 2022: RMB16,091 million), of which RMB7,030 million (31 December 2022: RMB8,463 million) was cash and cash equivalents and RMB8,345 million (31 December 2022: RMB7,628 million) was restricted cash.

During the Review Period, the cash and cash equivalents decreased by RMB1,433 million was due to net cash generated from operating activities of RMB5,507 million, the net cash used in investing activities of RMB1,614 million, net cash used in financing activities of RMB5,321 million and the exchange losses on cash and cash equivalents of approximately RMB5 million.

As at 30 June 2023 and 31 December 2022, restricted cash was mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation and collateral for bank borrowings.

Borrowings

As at 30 June 2023, the Group's total borrowings amounted to RMB57,568 million, of which (i) bank borrowings and other borrowings; (ii) senior notes; (iii) PRC Corporate Bonds, CMBS, Panyu ABS, MTN and exchangeable bonds, were amounted to RMB34,578 million, RMB12,579 million and RMB10,411 million respectively.

Repayment schedule	**As at 30 June 2023** ***(RMB million)***	As at 31 December 2022 *(RMB million)*
Bank borrowings and other borrowings		
Within 1 year	**17,452**	20,680
Over 1 year and within 2 years	**11,947**	13,738
Over 2 years and within 5 years	**3,593**	2,665
Over 5 years	**1,586**	1,713
Subtotal	**34,578**	38,796
Senior notes		
Over 1 year and within 2 years	**2,260**	–
Over 2 years and within 5 years	**10,319**	12,112
Subtotal	**12,579**	12,112
PRC Corporate Bonds, CMBS, Panyu ABS, MTN and Exchangeable Bonds		
Within 1 year	**4,036**	3,347
Over 1 year and within 2 years	**95**	65
Over 2 years and within 5 years	**2,821**	1,527
Over 5 years	**3,459**	3,639
Subtotal	**10,411**	8,578
Total	**57,568**	59,486

As at 30 June 2023, the Group's bank borrowings (including syndicated loans) of which RMB28,898 million (31 December 2022: RMB30,899 million) and other borrowings of which RMB2,531 million (31 December 2022: RMB3,771 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 Panyu ABS and CMBS of RMB656 million (31 December 2022: RMB703 million) and RMB3,985 million (31 December 2022: RMB4,009 million) were secured by the Group's trade receivables, land use rights, self-used properties and investment properties.

The exchangeable bonds of RMB1,262 million (31 December 2022: RMB1,223 million) were guaranteed by the Company and were secured by the pledges of A-Living Shares.

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 2023, the gearing ratio was 58.7% (31 December 2022: 57.3%).

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 were denominated in United States dollars.

Since 2016, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of foreign debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging.

The Group uses a combination of foreign exchange forward contracts and foreign exchange option derivatives to hedge its exposure to foreign exchange risk.

Cost of borrowings

During the Review Period, the total cost of borrowings (not including the interest expense of lease liabilities) of the Group was RMB2,284 million, representing an increase of 9.6% when compared with RMB2,084 million in the corresponding period of 2022. The increase was mainly attributable to higher effective interest rate of borrowings during the Review Period. The Group's effective borrowing rate during the Review Period was 7.28% (the corresponding period of 2022: 5.59%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 30 June 2023, the outstanding guarantees were RMB43,274 million (31 December 2022: RMB49,330 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (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 to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, 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 associates counter parties have provided certain guarantees in proportion of their shareholding in certain associates in respect of loan facilities amounting to RMB2,589 million (31 December 2022: RMB2,923 million). As at 30 June 2023, the Group's share of the guarantees amounted to RMB1,860 million (31 December 2022: RMB1,980 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 RMB5,738 million (31 December 2022: RMB7,165 million). As at 30 June 2023, the Group's share of the guarantees amounted to RMB3,461 million (31 December 2022: RMB4,609 million).

As at 30 June 2023, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB3,303 million (31 December 2022: RMB3,508 million).

Allotment of shares in Agile

On 11 January 2023 (before trading hours), the Company, Top Coast Investment Limited ("**Top Coast**"), and BNP Paribas Securities (Asia) Limited, Credit Suisse (Hong Kong) Limited and J.P. Morgan Securities (Asia Pacific) Limited (as placing agents) entered into a placing and subscription agreement for the placing of 219,500,000 shares at the placing price of HK$2.25 per share and for the subscription of up to 219,500,000 new shares by Top Coast at the subscription price of HK$2.25 per Share. The net price for the subscription, after deduction of all relevant fees, costs and expenses to be borne or incurred by the Company, is estimated to be approximately HK$2.23 per subscription share. Based on a nominal value of HK$0.10 per placing share, the aggregate nominal value of the subscription shares was HK$21,950,000 on the basis of full subscription of all the subscription shares.

The placing shares have been placed by the placing agent to not less than six placees, who/which are professional, institutional and/or other investors procured by the placing agent. To the best knowledge and reasonable belief of the Company, these placees and their ultimate beneficial owners are independent of and not connected with the Company and connected persons of the Company, and none of such placees have become a substantial shareholder of the Company immediately upon completion of the placing.

The placing and subscription were completed on 13 January 2023 and 18 January 2023, respectively. The subscription shares represent approximately 4.67% of the Company's issued share capital as enlarged by the allotment and issue of the subscription shares. The net proceeds from the subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) are approximately HK$489.2 million.

The rationale for the placement and subscription is to raise additional funds to strengthen the financial position, and broaden the shareholder and capital base of the Company. The Company intends to use the net proceeds from the subscription for repaying the outstanding coupon payments for US$500,000,000 5.75% senior unsecured bonds due 2025 issued by the Company, refinancing of existing indebtedness and general corporate purposes. As at 30 March 2023, the amount was fully utilised as planned. Please refer to the announcements of the Company dated 11 January 2023 and 18 January 2023 for further details.

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

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

On 1 August 2023 (before trading hours), the Company, Top Coast, BNP Paribas Securities (Asia) Limited and J.P. Morgan Securities (Asia Pacific) Limited (as placing agents) entered into a placing and subscription agreement for the placing of 346,000,000 shares at the placing price of HK$1.13 per share and for the subscription of up to 346,000,000 new shares by Top Coast at the subscription price of HK$1.13 per share. The net price for the subscription, after deduction of all relevant fees, costs and expenses to be borne or incurred by the Company, is estimated to be approximately HK$1.12 per subscription share. Based on the nominal value of HK$0.10 each, the aggregate nominal value of the subscription shares was HK$34,600,000 on the basis of full subscription of all the subscription shares.

The placing shares have been placed by the placing agent to not less than six placees, who/which are professional, institutional and/or other investors procured by the placing agent. To the best knowledge and reasonable belief of the Company, these placees and their ultimate beneficial owners are independent of and not connected with the Company and connected persons of the Company, and none of such placees have become a substantial shareholder of the Company immediately upon completion of the placing.

The placing and subscription were completed on 3 August 2023 and 15 August 2023, respectively. The subscription shares represent approximately 6.86% of the Company's issued share capital as enlarged by the allotment and issue of the subscription shares. The net proceeds from the subscription (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) amounted to approximately HK$387.2 million.

The rationale for the placement and the subscription is to raise additional funds to strengthen the financial position and broaden the shareholder and capital base of the Company. The Company intends to use the net proceeds from the subscription for refinancing of existing indebtedness and for general corporate purposes. As at 30 August 2023, the proceeds were fully utilised as planned. Please refer to the announcements of the Company dated 1 August 2023 and 15 August 2023 for further details.

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 2023, the Group had a total of 101,907 employees, among which 51 were senior management and 150 were middle management. By geographical locations, there were 101,821 employees in mainland China, 32 employees in Hong Kong and 54 employees in overseas. For the six months ended 30 June 2023, the total remuneration costs, including directors' remuneration, were RMB3,587 million (corresponding period of 2022: RMB3,876 million).

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

Property development pre-sold

During the Review Period, the aggregated pre-sold 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 RMB28.23 billion, while the corresponding aggregated GFA pre-sold and average selling price were 1.891 million sq.m. and RMB14,930 per sq.m. respectively.

Property management

A-Living focused on the opportunities arising from the economic recovery, while adhering to its market-oriented strategy and maintaining its market-leading expansion capability. It consistently prioritised service quality and consolidated professional service capabilities in an effort to enhance its overall development quality. A-Living further explored the business of value-added services, refined the quality of its products and services, and expanded the scope of services. During the Review Period, A-Living came second in the "2023 Top 100 Property Management Companies in China", ranking top in the industry.

Outlook

In the second half of 2023, the market will continue to pay attention to the impact of the interest rate hikes by the Federal Reserve, the banking crisis, inflations and other factors on the global economy. The demand in the domestic market remains insufficient and more efforts should be made on the promotion of high-quality development. As the impact of the COVID-19 pandemic subsides and social order returns to normal, China's economy continues to recover and is expected to achieve expansionary growth in the second half of the year.

The Central Government will adapt to the new situation that the supply and demand of China's real estate market has been materially changed, adjusting and optimising real estate policies in due course, and applying various policies in accordance with different cities, so as to better fulfill the fundamental and upgraded demands for housing and to facilitate the steady and healthy development of the real estate market.

The Group firmly believes in adhering 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 develop steadily, and 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 making contribution to society through participating in charitable activities.

INTERIM DIVIDEND

The Board did not propose any interim dividend for the six months ended 30 June 2023 (2022: Nil).

REVIEW OF INTERIM RESULTS

The Company's audit committee has, in the presence of the management of the Group, reviewed the unaudited interim results of the Group for the six months ended 30 June 2023 and the accounting principles and practices adopted by the Group and discussed with them the internal controls and financial reporting matters.

COMPLIANCE WITH 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. After having made specific enquiries of all directors, each of the directors has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the six months ended 30 June 2023.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2023, the Company has complied with all code provisions of the Corporate Governance Code contained in Part 2 of Appendix 14 to the Listing Rules ("**CG Code**") except code provision C.2.1 which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Review Period and until now, Mr. Chen Zhuo Lin is the Chairman of the Board and the President of the Company. The Board considered that such arrangement will provide strong and consistent leadership for the development of the Group and effective execution of policies and strategies of the Group given Mr. Chen's in-depth knowledge of the operations of the Group and of the industry as well as his extensive and strong business connections. The Board considered that such arrangement will not impair the balance of power and authority of the Board and it will be subject to review from time to time, and hence serves the best interest of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 10 April 2023, Guangzhou Panyu Agile Realty Development Co., Ltd.^ (廣州番禺雅居樂房地產開發有限公司) ("**Panyu Agile**") (an indirect wholly-owned subsidiary of the Company incorporated in the PRC) repurchased RMB10.124 million with a face value of RMB100 each out of its public domestic corporate bonds of RMB1,450 million with an initial coupon rate of 5.9% due 2024 (corporate bond code: 175934) followed by the resale of the same during the period from 10 April 2023 to 10 May 2023. These bonds are listed on the Shanghai Stock Exchange.

On 18 May 2023, Great Dawn Investments Limited (鴻昕投資有限公司) ("**Great Dawn**") (an indirect wholly-owned subsidiary of the Company incorporated in British Virgin Islands) purchased US$2.5 million out of US$500 million 5.75% senior notes due 2025 issued by the Company (ISIN code: XS2194361494) (the "**Senior Notes**") on the Singapore Exchange Securities Trading Limited ("**SGX**") at a total consideration of approximately US$0.93 million (inclusive of accrued interests). On 7 June 2023, Great Dawn resold the aforesaid purchased Senior Notes for a total consideration of approximately US$1.01 million (inclusive of accrued interests) on SGX.

Save as disclosed above, during the six months ended 30 June 2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE COMPANY, THE STOCK EXCHANGE AND SGX

This announcement is published on the respective website of the Company at www.agile.com.cn, the Stock Exchange at www.hkex.com.hk and SGX at www.sgx.com. The interim report of the Company for the six months ended 30 June 2023 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.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises eleven 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. Chan Cheuk Hei**, Mr. Chan Cheuk Nam**, Dr. Cheng Hon Kwan#, Mr. Kwong Che Keung, Gordon#, Mr. Hui Chiu Chung, Stephen# and Dr. Peng Shuolong#.

* *Executive Directors*
** *Non-executive Directors*
# *Independent Non-executive Directors*
^ *for identification purposes only*

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

Hong Kong, 30 August 2023