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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 2022

HIGHLIGHTS

| Financial Highlights | For the six months ended 30 June | | Change |
|--|---|-------------|---------------|
| | 2022 | 2021 | |
| Revenue (<i>RMB million</i>) | 31,645 | 38,588 | -18.0% |
| Gross profit (<i>RMB million</i>) | 7,398 | 10,849 | -31.8% |
| Profit for the period (<i>RMB million</i>) | 3,354 | 6,471 | -48.2% |
| Profit attributable to shareholders of the Company (<i>RMB million</i>) | 2,401 | 5,290 | -54.6% |
| Basic earnings per share (<i>RMB</i>) | 0.618 | 1.363 | -54.7% |

Operational Highlights

For the six months ended 30 June 2022:

- The Group's pre-sale value was RMB39.45 billion, while the corresponding accumulated gross floor area ("GFA") presold was 3.07 million sq.m., with an average selling price of RMB12,848 per sq.m..
- As at 30 June 2022, the Group had a land bank with total planned GFA of 43.49 million sq.m. in a total of 81 cities and regions, with an average land cost of RMB3,534 per sq.m..
- Revenue from property development business and diversified businesses accounted for 75.1% and 24.9% respectively. The proportion of revenue from diversified businesses increased by 8.1 percentage points when compared with the corresponding period last year.
- As at 30 June 2022, the Group's total debt reduced by RMB13,704 million when compared with 31 December 2021.
- As at 30 June 2022, the Group's total cash and bank balances amounted to RMB25,925 million.
- As at 30 June 2022, the Group's net gearing ratio was 48.3%, declining 2.5 percentage points when compared with 31 December 2021.

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 2022 (the “**Review Period**”).

Results

During the Review Period, revenue and gross profit of the Group amounted to RMB31,645 million and RMB7,398 million, respectively. Overall gross profit margin of the Group was 23.4%. During the Review Period, net profit of the Group and net profit attributable to shareholders of the Company were RMB3,354 million and RMB2,401 million respectively.

During the Review Period, revenue from recognised sales of the Group’s property development and diversified business were RMB23,776 million and RMB7,869 million, accounting for 75.1% and 24.9% respectively. The proportion of revenue from diversified businesses increased by 8.1 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”. During the Review Period, revenue from property management and others (including environmental protection and commercial management) increased by 31.7% and decreased by 13.9% respectively when compared with the corresponding period last year, generating continuous and steady revenue for the Group.

Market Review

During the Review Period, the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”) accelerated hiking the interest rate due to high inflations. High inflations, coupled with the emergence of geopolitical tensions, such as the Russia-Ukraine conflict, has pushed the price of raw materials high. In China, some areas were hit by the pandemic during March and April, but with the effective implementation of the pandemic prevention policy, the overall situation has been alleviated since May, which at the same time boosted property sales. 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 5.5% for 2022.

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 future. Under the policy approach of “formulating policies according to each city’s specific condition”, the regulatory easing continued to build up and various local governments gradually relax their regulatory initiatives, including easier mortgage application for flat purchasers, shorter holding period before resale, relaxed purchasing limit, lower proportion of down payment and lower home loan interest, etc., to facilitate the recovery of sales in the real estate industry.

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 Rose after a Decline

During the Review Period, the property business remained stable as a whole. 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 RMB39.45 billion. The accumulated GFA presold was 3.07 million sq.m., while the corresponding average selling price was RMB12,848 per sq.m.. During the Review Period, there were 201 projects for sale, of which 13 were newly launched.

Quality Land Bank and Inventory to Satisfy Future Sales Demand

As at 30 June 2022, the Group had a land bank with a total planned GFA of 43.49 million sq.m. in 81 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 10.55 million sq.m. of land bank in the Greater Bay Area, which accounted for 24.3% of its total land bank, with 51 development projects. Meanwhile, the Group held 5.29 million sq.m. of land bank in the Yangtze River Delta, which accounted for 12.2% of its total land bank, with 47 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 approximately 20,389 sq.m..

The Group had a total of 4 projects under development in overseas, including 2 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 2022, the Group held approximately 325,175 sq.m. of land bank overseas, which accounted for 0.7% of its total land bank.

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

Diversified Business Continued to Generate Stable Cash Flows

In respect of diversified businesses, the Group’s property management and others (including environment protection and commercial management) continued to generate synergies. During the Review Period, the Group’s property management and others recorded a revenue growth of 31.7% and decreased by 13.9% respectively when compared with the corresponding period last year, continuing to provide solid revenue for the Group. The contributions of revenue from property development business and revenue from diversified businesses were 75.1% and 24.9% respectively, in which, the contribution of revenue from diversified businesses increased by 8.1 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 Proactively Responded to the Market Cyclical Fluctuations, Flexibly Adjusted the Business Strategies

During the Review Period, against the backdrop of an extremely challenging macroeconomic and market environment, A-Living Smart City Services CO., Ltd (“**A-Living**”) adopted a flexible business expansion strategy by leveraging its presence across the whole value chain of the property service industry. It accelerated the market expansion to existing residential projects and non-residential properties services while broadening the source of property projects. A-Living continued to be a top-ranked property service provider in third-party expansion in terms of gross floor area, demonstrating robustness in sustaining growth. During the Review Period, A-Living successfully secured a number of high-quality non-residential projects, and provided services to the venue of Beijing Winter Olympic Games and other major international events. This fully demonstrated A-Living’s capability to serve all types of properties and the brand influence of its status as a leader in the industry.

As at 30 June 2022, the GFA under management and contracted GFA of A-Living were 528.6 million sq.m. and 706.5 million sq.m., respectively. The third-party projects increased rapidly through the Group’s market expansion, merger and acquisition, with the contracted GFA (including those contributed by the acquired companies) reaching 558.5 million sq.m., including the newly contracted GFA exceeding 43.2 million sq.m., representing an increase of 8.4% compared with that as at 31 December 2021, accounting for 79.1% of the total contracted GFA. The third party projects were the main source of the growth in the scale of A-Living business.

Enhanced Management Efficiency for the Environmental Protection Business to Promote Low-carbon and Green Development

The environmental protection business focused on hazardous waste treatment while engaging in selective projects of ecological industrial parks, water treatment and equipment engineering.

During the Review Period, the environmental protection business successfully obtained several Hazardous Waste Operation Permits. The newly approved handling qualifications covered various operations, such as incineration, physical and chemical treatment, flexible landfill and rigid landfill, to facilitate capacity transformation and release effective capacity. Furthermore, approximately 10 projects successfully renewed their permits to demonstrate that their stable operating performance had led to a long-term operation approval. The environmental engineering and water pollution prevention and treatment project of our equipment engineering company also obtained Class B qualification, strengthening the soft power of environmental engineering under the environmental protection business. Meanwhile, the construction of our industrial park was ramping up in an orderly manner and the current overall development progress of Sanjiangkou Energy Conservation and Environmental Protection Ecological Industrial Park had exceeded 50% and fully entered the equipment installation stage to press ahead with low-carbon and green corporate development. Meanwhile, in terms of safe production and operation management, the environmental protection business has enhanced management efficiency, minimised management difficulty and costs through digital and informational means.

Future Returns Boosted by Healthy Development Progress in New Business Segments

The Group actively positions itself in the new business segments of new energy vehicles and condiment industry by becoming a shareholder of each of WM Motor Holdings Limited (“**WM Motor**”) and Pearl River Bridge Biotechnology Co., Ltd.

In June 2022, WM Motor completed the submission of listing application to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). WM Motor is one of the enterprises which pioneers the introduction of electric vehicle technology into the mainstream market in China. With its cutting-edge technology and fast-growing sales volume, WM Motor is expected to generate considerable investment returns for the Group upon successful listing in the future. The Group currently holds 6.46% equity interest in WM Motor.

Making Reasonable Arrangement of the Repayment Scheme and Actively Expanding Financing Channels

A healthy financial position is the backbone of the Group's rapid business development. The Group continued its stable financial strategies, demonstrating excellent corporate creditworthiness and ability to repay debts.

During the Review Period, the total debt of the Group further decreased by RMB13,704 million, such as redeeming the US\$500 million 6.7% senior notes due in March, fully repaying the balance of the 2018 syndicated loans of HK\$3,345 million and US\$60 million in May. In addition, the Group repurchased and fully resold, in May, portion of the RMB1.45 billion 5.9% public domestic corporate bonds due 2024, the portion being a total principal of RMB692 million.

Also, the Group has raised capital through a multi-channel financing approach. During the Review Period, the Group was granted a mezzanine financing due 2024 with a total principal of HK\$894 million in June through the King's Road & Mount Parker Road Project Company and entered into a senior financing supplementary agreement. The total principal amount of the syndicated term loan increased to HK\$825 million, and the maturity of the existing syndicated term loan was extended to 2024.

The Group is dedicated to controlling its financing costs, further lowering the effective borrowing rate to 5.59%. As at 30 June 2022, the Group's net gearing ratio was further reduced to 48.3%. Total cash and bank deposits amounted to RMB25,925 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 (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 constructed projects at different development stages, such as urban high-end products, low intensity products, huge lifestyle residence 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 the flat inspection 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 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 2022, the market will continue to pay attention to the development of the pandemic, interest rate hikes by the Federal Reserve, the Russia-Ukraine conflict, inflations and their impacts to the global economy.

The Central Government will continue to adhere to the implementation of a long-term mechanism to “stabilise land prices, housing prices and expectations”, in a view that the restrictions on financing, personal mortgage and regulated pre-sale fund in the real estate industry will be released under the policy guideline of “formulating policies according to each city’s specific condition”, thereby helping real estate enterprises improve liquidity and promoting the recovery of sales.

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 2022

RESULTS

Unaudited interim results for the six months ended 30 June 2022:

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

| | Note | Six months ended 30 June | |
|--|------|----------------------------------|----------------------------------|
| | | 2022 (Unaudited) (RMB'000) | 2021 (Unaudited) (RMB'000) |
| Operation | | | |
| Revenue | 4 | 31,644,691 | 38,587,759 |
| Cost of sales | | (24,246,224) | (27,739,181) |
| Gross profit | | 7,398,467 | 10,848,578 |
| Selling and marketing costs | | (1,008,356) | (1,273,482) |
| Administrative expenses | | (1,715,557) | (1,899,444) |
| Net impairment losses on financial and contract assets | | (564,300) | (198,222) |
| Other gains, net | 5 | 3,300,945 | 4,253,080 |
| Other income | 6 | 529,414 | 787,574 |
| Other expenses | | (101,389) | (112,698) |
| Operating profit | | 7,839,224 | 12,405,386 |
| Finance costs, net | 7 | (1,440,189) | (1,239,305) |
| Share of post-tax (losses)/profits of investments accounted for using the equity method | | (352,720) | 195,619 |
| Profit before income tax | | 6,046,315 | 11,361,700 |
| Income tax expenses | 8 | (2,692,249) | (4,891,083) |
| Profit for the period | | 3,354,066 | 6,470,617 |
| Profit attributable to: | | | |
| Shareholders of the Company | | 2,401,137 | 5,290,297 |
| Holders of Perpetual Capital Securities | | 475,922 | 507,533 |
| Non-controlling interests | | 477,007 | 672,787 |
| | | 3,354,066 | 6,470,617 |
| Earnings per share from continuing operations attributable to the shareholders of the Company for the period (expressed in Renminbi per share) | | | |
| — Basic | 9 | 0.618 | 1.363 |
| — Diluted | 9 | 0.618 | 1.363 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Six months ended 30 June | |
|---|---------------------------------|-------------|
| | 2022 | 2021 |
| | (Unaudited) | (Unaudited) |
| | (RMB'000) | (RMB'000) |
| Profit for the period | 3,354,066 | 6,470,617 |
| 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 | (2,338) | (175,342) |
| — Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax | 14,958 | — |
| <i>Items that may be reclassified to profit or loss</i> | | |
| — Currency translation differences | (201) | (12,084) |
| Other comprehensive income for the period, net of tax | 12,419 | (187,426) |
| Total comprehensive income for the period | 3,366,485 | 6,283,191 |
| Total comprehensive income attributable to: | | |
| Shareholders of the Company | 2,414,734 | 5,116,840 |
| Holder of the Perpetual Capital Securities | 475,922 | 507,533 |
| Non-controlling interests | 475,829 | 658,818 |
| | 3,366,485 | 6,283,191 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

| | As at 30 June 2022 | As at 31 December 2021 |
|---|-----------------------------------|---------------------------------------|
| <i>Note</i> | (Unaudited) (RMB'000) | (Audited) (RMB'000) |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 14,377,430 | 12,674,770 |
| Investment properties | 9,838,203 | 11,514,964 |
| Right-of-use assets | 3,038,278 | 3,270,052 |
| Goodwill | 5,212,589 | 5,026,180 |
| Other intangible assets | 2,575,267 | 2,627,830 |
| Investments accounted for using the equity method | 30,193,981 | 31,304,280 |
| Properties under development | 17,581,496 | 21,274,754 |
| Other receivables | 11 14,096,677 | 8,797,543 |
| Financial assets at fair value through other comprehensive income | 40,251 | 43,368 |
| Deferred income tax assets | 2,649,974 | 2,165,196 |
| | 99,604,146 | 98,698,937 |
| Current assets | | |
| Properties under development | 81,664,640 | 87,105,562 |
| Completed properties held for sale | 20,535,483 | 16,299,820 |
| Inventories | 323,892 | 356,850 |
| Prepayments for acquisition of land use rights | 2,206,339 | 2,269,068 |
| Contract assets | 5,630,955 | 5,150,620 |
| Trade and other receivables | 11 53,384,074 | 57,927,238 |
| Prepaid income taxes | 3,549,422 | 4,624,423 |
| Financial assets at fair value through profit or loss | 5,495,526 | 2,811,395 |
| Restricted cash | 13,019,288 | 15,617,768 |
| Cash and cash equivalents | 12,905,660 | 22,802,716 |
| Assets classified as held for sale | 1,491,744 | 2,895,342 |
| | 200,207,023 | 217,860,802 |
| Total assets | 299,811,169 | 316,559,739 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

| | | As at 30 June 2022 | As at 31 December 2021 |
|---|---|--------------------------------------|------------------------------|
| <i>Note</i> | (Unaudited) <i>(RMB'000)</i> | (Audited) <i>(RMB'000)</i> | |
| 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 | 4,720,647 | 4,190,239 |
| | Retained earnings | 48,605,364 | 46,783,577 |
| | | 56,591,306 | 54,239,111 |
| | Perpetual Capital Securities | 13,010,880 | 13,015,124 |
| | Non-controlling interests | 22,077,409 | 22,177,042 |
| | | 91,679,595 | 89,431,277 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| | Borrowings | 47,577,359 | 54,293,548 |
| | Other payables | 5,261,150 | 4,572,361 |
| | Financial liabilities at fair value through profit or loss | 153,841 | 494,313 |
| | Contract liabilities | 64,824 | – |
| | Lease liabilities | 160,532 | 262,093 |
| | Deferred income tax liabilities | 3,316,441 | 4,061,638 |
| | | 56,534,147 | 63,683,953 |
| Current liabilities | | | |
| | Borrowings | 22,593,100 | 29,580,497 |
| | Trade and other payables | 59,724,310 | 68,257,851 |
| | Financial liabilities at fair value through profit or loss | 143,741 | 107,358 |
| | Contract liabilities | 47,102,576 | 44,582,302 |
| | Lease liabilities | 245,624 | 302,383 |
| | Current income tax liabilities | 20,211,399 | 19,099,618 |
| | Liabilities directly associated with assets classified as held for sale | 1,576,677 | 1,514,500 |
| | | 151,597,427 | 163,444,509 |
| | Total liabilities | 208,131,574 | 227,128,462 |
| | Total equity and liabilities | 299,811,169 | 316,559,739 |

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 2022 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 2021 and any public announcement made by the Company during the six months ended 30 June 2022.

3 ACCOUNTING POLICIES

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

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not change its accounting policies or make retrospective adjustments as a result of adopting these amended standards.

3 ACCOUNTING POLICIES (CONTINUED)

- (b) New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2022 and have not been early adopted by the Group

| | | Effective for accounting periods beginning on or after |
|---|---|---|
| HKFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to HKAS 8 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to HKAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to HKFRS 10 and HKAS 28 | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments. The adoption of these new and amended standards and interpretation is not expected to have a material impact to the results or financial position of the Group.

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 2022 and 2021 are as follows:

Six months ended 30 June 2022 (unaudited)

| | Property development (RMB'000) (note (b)) | Property management (RMB'000) (note (c)) | Others (RMB'000) (note (d)) | 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 |
| 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 | 925,553 | 10,932,585 |
| Fair value gains on investment properties (note 5) | — | 15,764 | — | 15,764 |
| Operating profits | 6,988,806 | 876,889 | (26,471) | 7,839,224 |
| Share of post-tax (losses)/profits 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 7) | | | | (1,440,189) |
| Profit before income tax | | | | 6,046,315 |
| Income tax expenses (note 8) | | | | (2,692,249) |
| Profit for the period | | | | <u>3,354,066</u> |
| Depreciation and amortisation | 235,181 | 175,898 | 245,503 | 656,582 |
| Write-down of properties under development, completed properties held for sale and property, plant and equipment | <u>1,366,409</u> | <u>—</u> | <u>—</u> | <u>1,366,409</u> |

4 SEGMENT INFORMATION (CONTINUED)

Segment results for the six months ended 30 June 2022 and 2021 are as follows: (Continued)

Six months ended 30 June 2021 (unaudited)

| | Property development (RMB'000) (note (b)) | Property management (RMB'000) (note (c)) | Others (RMB'000) (note (d)) | 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 assets and liabilities and capital expenditure as at 30 June 2022 are as follows (unaudited):

| | Property development (RMB'000) (note (b)) | Property management (RMB'000) (note (c)) | Others (RMB'000) (note (d)) | Elimination (RMB'000) | Group (RMB'000) |
|--|--|---|--|----------------------------------|----------------------------|
| Segment assets | <u>238,299,237</u> | <u>19,439,545</u> | <u>37,497,054</u> | <u>(7,159,840)</u> | <u>288,075,996</u> |
| Unallocated assets | | | | | <u>11,735,173</u> |
| Total assets | | | | | <u>299,811,169</u> |
| Segment assets include: | | | | | |
| Investments accounted for using the equity method | <u>28,851,656</u> | <u>1,137,026</u> | <u>205,299</u> | <u>–</u> | <u>30,193,981</u> |
| Segment liabilities | <u>94,820,275</u> | <u>7,155,397</u> | <u>17,599,443</u> | <u>(7,159,840)</u> | <u>112,415,275</u> |
| Unallocated liabilities | | | | | <u>95,716,299</u> |
| Total liabilities | | | | | <u>208,131,574</u> |
| Capital expenditure | <u>477,927</u> | <u>329,475</u> | <u>1,767,515</u> | <u>–</u> | <u>2,574,917</u> |

4 SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities and capital expenditure as at 31 December 2021 are as follows (audited):

| | Property development (RMB'000) (note (b)) | Property management (RMB'000) (note (c)) | Others (RMB'000) (note (d)) | Elimination (RMB'000) | Group (RMB'000) |
|--|--|---|-----------------------------------|--------------------------|---------------------------|
| Segment assets | <u>256,131,962</u> | <u>19,241,196</u> | <u>36,665,761</u> | <u>(5,123,562)</u> | <u>306,915,357</u> |
| Unallocated assets | | | | | <u>9,644,382</u> |
| Total assets | | | | | <u><u>316,559,739</u></u> |
| Segment assets include: | | | | | |
| Investments accounted for using the equity method | <u>29,982,113</u> | <u>1,111,141</u> | <u>211,026</u> | <u>–</u> | <u>31,304,280</u> |
| Segment liabilities | <u>100,452,438</u> | <u>6,434,475</u> | <u>17,728,139</u> | <u>(5,123,562)</u> | <u>119,491,490</u> |
| Unallocated liabilities | | | | | <u>107,636,972</u> |
| Total liabilities | | | | | <u><u>227,128,462</u></u> |
| Capital expenditure | <u>535,427</u> | <u>1,068,159</u> | <u>2,295,580</u> | <u>–</u> | <u>3,899,166</u> |

4 SEGMENT INFORMATION (CONTINUED)

(a) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

| | 30 June 2022 (unaudited) (RMB'000) | 31 December 2021 (audited) (RMB'000) |
|---|---|---|
| Current contract assets | | |
| Contract assets relating to properties sale contracts | 268,212 | 261,507 |
| Contract assets relating to construction contracts | 5,451,465 | 4,899,396 |
| Loss allowance | <u>(88,722)</u> | <u>(10,283)</u> |
| Total contract assets | <u>5,630,955</u> | <u>5,150,620</u> |
| Contract liabilities | | |
| — Related parties | 139,041 | 75,037 |
| — Third parties | <u>47,028,359</u> | <u>44,507,265</u> |
| | <u>47,167,400</u> | <u>44,582,302</u> |

(i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties and provision of property management services.

(ii) *Revenue recognised in relation to contract liabilities*

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities.

| | Six months ended 30 June | |
|--|---------------------------------|-------------------|
| | 2022 | 2021 |
| | (Unaudited) | (Audited) |
| | (RMB'000) | (RMB'000) |
| Revenue recognised that was included in the contract liabilities balance at the beginning of the period | | |
| Sales of properties | 14,586,430 | 21,755,124 |
| Property management and value-added services | <u>590,496</u> | <u>460,419</u> |
| | <u>15,176,926</u> | <u>22,215,543</u> |

(iii) *Unsatisfied performance obligations*

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities as of 31 December 2021 and 2020.

4 SEGMENT INFORMATION (CONTINUED)

- (b) 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.
- (c) 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.
- (d) Others mainly comprise the business units involved in environmental protection services and commercial management services, each of which is less than 10% of the Group's consolidated profit before tax and revenue, segment information is not considered necessary.
- (e) 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.

(f) Assets recognised from incremental costs to obtain a contract

During the six months ended 30 June 2022 and 2021, there was no significant incremental costs to obtain a contract.

5 OTHER GAINS, NET

| | Six months ended 30 June | |
|---|---------------------------------|------------------|
| | 2022 | 2021 |
| | (unaudited) | (unaudited) |
| | (RMB'000) | (RMB'000) |
| Gains from disposal of subsidiaries | 1,375,855 | 4,137,174 |
| Gains from disposal of joint ventures and associates | 1,040,766 | – |
| (Losses)/gains on disposal of property, plant and equipment and investment properties | (282,020) | 144 |
| Net fair value gains on financial assets/liabilities at FVPL | 962,522 | 55,625 |
| Gains on redemption of senior notes | 111,474 | – |
| Fair value gains on investment properties | 15,764 | 600 |
| Fair value (losses)/gains on put option written on non-controlling interests | (31,086) | 1,974 |
| Exchange gains, net (<i>note (a)</i>) | 109,680 | 28,792 |
| Miscellaneous | (2,010) | 28,771 |
| | <u>3,300,945</u> | <u>4,253,080</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 | |
|---|---------------------------------|----------------|
| | 2022 | 2021 |
| | Unaudited | Unaudited |
| | (RMB'000) | (RMB'000) |
| Interest income (<i>note (a)</i>) | 257,138 | 384,023 |
| Interest income from loans to related parties | 126,658 | 261,065 |
| Government grants | 101,580 | 92,193 |
| Miscellaneous | 44,038 | 50,293 |
| | <u>529,414</u> | <u>787,574</u> |

Note:

- (a) Interest income was mainly derived from bank deposit.

7 FINANCE COSTS, NET

| | Six months ended 30 June | |
|---|--------------------------|------------------|
| | 2022 | 2021 |
| | (unaudited) | (unaudited) |
| | (RMB'000) | (RMB'000) |
| Interest expense: | | |
| — Bank borrowings, senior notes, corporate bonds and other borrowings | 2,084,467 | 3,555,974 |
| — Lease liabilities | 12,407 | 11,678 |
| Less: interest capitalised | (2,081,987) | (2,038,686) |
| Exchange losses/(gains) from borrowings | 1,425,302 | (289,661) |
| | <u>1,440,189</u> | <u>1,239,305</u> |

8 INCOME TAX EXPENSES

| | Six months ended 30 June | |
|---------------------------------------|--------------------------|------------------|
| | 2022 | 2021 |
| | (unaudited) | (unaudited) |
| | (RMB'000) | (RMB'000) |
| Current income tax | | |
| — PRC corporate income tax | 2,344,551 | 2,477,503 |
| — PRC land appreciation tax | 1,426,440 | 2,094,097 |
| — PRC withholding income tax | 189,080 | 201,000 |
| Deferred income tax | | |
| — PRC corporate income tax (note (a)) | (1,267,822) | 118,483 |
| | <u>2,692,249</u> | <u>4,891,083</u> |

Note:

- (a) During the six months ended 30 June 2022, the amounts credited to income tax expenses mainly represented the crystallization of deferred tax liabilities in relation to land use right acquired through business combination and fair value gain of investment properties when the properties were sold in the period and recognition of deferred tax assets for tax losses and write-down of completed properties held for sale and properties under development.

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 2022 was 15% (six months ended 30 June 2021: 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 2022. 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 2021: 15%).

Certain subsidiaries of the Group in the PRC providing 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 2021: 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 2022, most 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.

8 INCOME TAX EXPENSES (CONTINUED)

Overseas income tax

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

Hong Kong profits tax

The fair value gains and the disposal gains of financial assets at fair value through profit or loss which is subject to the profits tax rate of 16.5%, the remaining profits of the group entities in Hong Kong are 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 | |
|---|--------------------------|---------------------|
| | 2022 | 2021 |
| | (unaudited) | (unaudited) |
| Profit attributable to shareholders of the Company (<i>RMB'000</i>) | 2,401,137 | 5,290,297 |
| 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><u>0.618</u></u> | <u><u>1.363</u></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 2022 and 30 June 2021, there was no diluted potential ordinary share. Thus diluted earnings per share equalled basic earnings per share.

10 DIVIDENDS

- (a) The board of directors of the Company (the “**Board**”) did not propose any interim dividend for the six months ended 30 June 2022. An interim dividend in respect of the six months ended 30 June 2021 of HK\$0.5 per ordinary share totalling approximately HK\$1,958,524,000 (equivalent to RMB1,629,218,000) was declared by the Board on 18 August 2021.
- (b) The Board did not propose any final dividend for the year ended 31 December 2021. A final dividend in respect of 2020 of HK\$0.60 per ordinary share totalling approximately HK\$2,350,229,000 (equivalent to RMB1,972,664,000) was declared at the annual general meeting of the Company held on 12 May 2021, of which HK\$20,682,000 (equivalent to RMB17,359,000) was declared for shares held by Share Award Scheme.

11 TRADE AND OTHER RECEIVABLES

| | 30 June 2022 (unaudited) (RMB'000) | 31 December 2021 (audited) (RMB'000) |
|--|---|---|
| Trade receivables due from <i>(note (a))</i> | | |
| — Third parties | 9,344,288 | 11,189,695 |
| — Joint ventures | 3,413,429 | 2,278,591 |
| — Associates | 22,816 | 54,880 |
| | <u>12,780,533</u> | <u>13,523,166</u> |
| Gross trade receivables | | |
| | <u>12,780,533</u> | <u>13,523,166</u> |
| Less: allowance for impairment of trade receivables | (953,630) | (733,999) |
| | <u>(953,630)</u> | <u>(733,999)</u> |
| Total trade receivables | <u>11,826,903</u> | <u>12,789,167</u> |
| Other receivables due from: | | |
| — Third parties | 24,698,357 | 21,100,671 |
| — Joint ventures | 17,473,993 | 18,584,260 |
| — Associates | 707,571 | 1,146,336 |
| — Other related parties | 215,711 | 274,951 |
| — Non-controlling interests | 2,740,552 | 2,501,258 |
| Loan and interest receivables due from related parties | 5,298,104 | 5,073,445 |
| Prepaid value-added taxes and other taxes | 3,652,704 | 4,384,809 |
| Deposits for acquisition of land use rights | 808,872 | 887,623 |
| Prepayments | 1,037,139 | 695,186 |
| | <u>56,633,003</u> | <u>54,648,539</u> |
| Gross other receivables | | |
| | <u>56,633,003</u> | <u>54,648,539</u> |
| Less: allowance for impairment of other receivables | (979,155) | (712,925) |
| | <u>(979,155)</u> | <u>(712,925)</u> |
| Total other receivables | <u>55,653,848</u> | <u>53,935,614</u> |
| Less: other receivables — non-current portion | (14,096,677) | (8,797,543) |
| | <u>(14,096,677)</u> | <u>(8,797,543)</u> |
| Other receivables — current portion | <u>41,557,171</u> | <u>45,138,071</u> |
| | <u>41,557,171</u> | <u>45,138,071</u> |
| Trade and other receivables — current portion | <u>53,384,074</u> | <u>57,927,238</u> |

As at 30 June 2022 and 31 December 2021, 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 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 2022 and 31 December 2021, the ageing analysis of the trade receivables based on invoice date is as follows:

| | 30 June 2022 (unaudited) (RMB'000) | 31 December 2021 (audited) (RMB'000) |
|----------------------------------|---|---|
| Within 90 days | 6,738,524 | 8,786,589 |
| Over 90 days and within 365 days | 3,704,885 | 3,215,483 |
| Over 365 days | 2,337,124 | 1,521,094 |
| | <u>12,780,533</u> | <u>13,523,166</u> |

12 TRADE AND OTHER PAYABLES

| | 30 June 2022 (unaudited) (RMB'000) | 31 December 2021 (audited) (RMB'000) |
|--|---|---|
| Trade payables (<i>note (a)</i>) | 24,970,194 | 24,949,589 |
| Other payables due to: | | |
| — Third parties | 12,429,074 | 18,021,197 |
| — Related parties | 12,967,414 | 15,143,842 |
| — Non-controlling interests | 2,573,427 | 4,408,032 |
| Staff welfare benefit payable | 1,060,178 | 1,133,293 |
| Accruals | 1,122,096 | 1,165,556 |
| Accrued restoring costs for hazardous waste treatment projects | 1,083,792 | — |
| Advances from disposal of subsidiaries | — | 1,223,000 |
| Other taxes payable | 8,779,285 | 6,785,703 |
| | <u>64,985,460</u> | <u>72,830,212</u> |
| Total trade and other payables | 64,985,460 | 72,830,212 |
| Less: other payables — non-current portion | <u>(5,261,150)</u> | <u>(4,572,361)</u> |
| | <u>59,724,310</u> | <u>68,257,851</u> |

12 TRADE AND OTHER PAYABLES (CONTINUED)

Note:

- (a) The ageing analysis of trade payables of the Group based on invoice date as at 30 June 2022 and 31 December 2021 is as follows:

| | 30 June 2022 (unaudited) (RMB'000) | 31 December 2021 (audited) (RMB'000) |
|-----------------------------------|---|---|
| Within 90 days | 15,086,929 | 15,830,600 |
| Over 90 days and within 180 days | 7,969,217 | 7,516,904 |
| Over 180 days and within 365 days | 1,223,659 | 971,214 |
| Over 365 days | 690,389 | 630,871 |
| | <u>24,970,194</u> | <u>24,949,589</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the Review Period, the Group's revenue was RMB31,645 million, representing a decrease of 18.0% when compared with RMB38,588 million in the corresponding period of 2021. During the Review Period, the Group's operating profit and profit for the period were RMB7,839 million and RMB3,354 million, representing a decrease of 36.8% and 48.2% when compared with RMB12,405 million and RMB6,471 million in the corresponding period of 2021 respectively.

During the Review Period, the profit attributable to shareholders of the Company were RMB2,401 million, representing a decrease of 54.6% when compared with RMB5,290 million in the corresponding period of 2021. Basic earnings per share was RMB0.618 (corresponding period of 2021: RMB1.363).

Land bank

The Group continued to adopt proactive yet prudent land replenishment strategy in response to the market conditions. As at 30 June 2022, the Group had a land bank with a total planned GFA of 43.49 million sq.m. in 81 cities located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB3,534 per sq.m., which was competitive.

Property development and sales

During the Review Period, the revenue from recognised sales of property development of the Group was RMB23,776 million, representing a decrease of 25.9% when compared with RMB32,092 million in the corresponding period of 2021. The decrease was mainly attributable to the decreased in total recognised GFA sold and recognised average selling price. The total recognised GFA sold was 1.61 million sq.m., representing a decrease of 18.8% when compared with the corresponding period of 2021. The recognised average selling price of the Group decreased by 8.8% to RMB14,804 per sq.m. in the first half of 2022 from RMB16,227 per sq.m. in the first half of 2021.

DIVERSIFIED BUSINESSES

Property management

During the Review Period, revenue from property management of the Group was RMB6,573 million, representing an increase of 31.7% when compared with RMB4,992 million in the corresponding period of 2021.

Operating profit from property management business was RMB877 million, representing a decrease of 19.0% when compared with RMB1,083 million in the corresponding period of 2021. As at 30 June 2022, the total GFA under management increased from approximately 424 million sq.m. as at 30 June 2021 to approximately 529 million sq.m..

OTHERS

Commercial management

During the Review Period, the Group's commercial revenue (including hotel operation and property investment) amounted to RMB209 million, representing a decrease of 26.8% compared with RMB285 million for the same period in 2021. The decrease was mainly attributable to the impact of the COVID-19 outbreak and the disposal of several investment properties during the period.

Environmental protection

During the Review Period, revenue from environmental protection of the Group was RMB1,087 million, representing a decrease of 10.8% when compared with RMB1,219 million in the corresponding period of 2021, which was mainly due to the Group's disposal of several subsidiaries engaged in environmental protection business during the review period.

Cost of sales

During the Review Period, cost of sales of the Group was RMB24,246 million, representing a decrease of 12.6% when compared with RMB27,739 million in the corresponding period of 2021. The decrease was mainly due to the decrease in the total recognised GFA sold, which resulted in decrease in land cost and construction cost. Land cost decreased by 12.8% to RMB6,928 million when compared with RMB7,949 million in the corresponding period of 2021, while construction cost decreased by 27.7% to RMB9,814 million when compared with RMB13,573 million in the corresponding period of 2021.

Gross profit

During the Review Period, gross profit of the Group was RMB7,398 million, representing a decrease of 31.8% when compared with RMB10,849 million in the corresponding period of 2021. During the Review Period, gross profit margin of the Group was 23.4%, representing a decrease of 4.7 percentage points when compared with 28.1% in the corresponding period of 2021. The decrease in gross profit and gross profit margin was mainly attributable to the decrease in total recognised GFA sold and the average selling price, while the decline in average selling price was higher than that of the average costs.

Other gains, net

During the Review Period, the other gains, net of the Group was RMB3,301 million representing a decrease of 22.4% when compared with RMB4,253 million in the corresponding period of 2021, the change was mainly attributable to the followings:

- (i) gain on disposal of subsidiaries decrease by 66.7% to RMB1,376 million from RMB4,137 million for the corresponding period in 2021, those subsidiaries were mainly engaged in environment protection and property development business;
- (ii) loss on disposal of property, plant and equipment and investment properties of RMB282 million, whereas gain of disposal of RMB144,000 for the corresponding period in 2021;
- (iii) gain on disposal of joint ventures and associates of RMB1,041 million, whereas no such income for the corresponding period in 2021; and
- (iv) net fair gain on financial assets/liabilities at fair value through profit or loss increased by 1,630.4% to RMB963 million from RMB56 million for the corresponding period in 2021. The increase was mainly attributable to the fair value gain of the Group's investment in a new energy vehicle company.

Other income

During the Review Period, other income of the Group was RMB529 million, representing a decrease of 32.8% when compared with RMB788 million in the corresponding period of 2021, which was mainly attributable to decrease of interest income from bank deposit, loans to related parties and loans to third parties.

Selling and marketing costs

During the Review Period, selling and marketing costs of the Group was RMB1,008 million, which decreased by 20.8% compared to RMB1,273 million in the corresponding period of 2021. As a percentage of revenue, the selling and marketing costs decreased to 3.2% (3.3% in the corresponding period of 2021), the decrease was mainly attributable to the decrease in commission fee and advertising costs.

Administrative expenses

During the Review Period, administrative expenses of the Group was RMB1,716 million, representing a decrease of 9.7% when compared with RMB1,899 million in the corresponding period of 2021, such decrease was attributable to the stringent cost control by the Group during the period.

Other expenses

During the Review Period, other expenses of the Group were RMB101 million, representing a decrease of 10.0% compared with RMB113 million in the corresponding period of 2021. Such a decrease was mainly due to the decline in donations and miscellaneous expenses in the period, which decreased by 78.2% to RMB18 million from RMB85 million in the corresponding period in 2021. It offset the increase in compensation for the period, which increased by 196.1% to RMB83 million from RMB28 million in the corresponding period in 2021.

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, Commercial Mortgage Backed Securities (“**CMBS**”), Asset-Backed Securities (“**ABS**”) and lease liabilities less capitalised interests, exchange gains or losses on foreign currency denominated borrowings.

During the Review Period, finance costs of the Group was RMB1,440 million, representing an increase of 16.2% when compared with RMB1,239 million in the corresponding period of 2021. The increase was mainly attributable to the following items:

- (i) Due to the decline of average balance of borrowings of the Group, interest expenses decreased by 41.2% from RMB3,568 million in the corresponding period of 2021 to RMB2,097 million in the Review Period;

- (ii) Exchange losses from foreign currency denominated borrowings arising from translation of the Group's borrowings denominated in foreign currencies was RMB1,425 million, representing an increase of 592.1% from exchange gain of RMB290 million in the corresponding period of 2021, which was resulting from the depreciation of Renminbi against United States dollars, Hong Kong dollars and Macau Pataca.

Share of post-tax losses of investments accounted for using the equity method

During the Review Period, the share of post-tax losses of investments accounted for using the equity method was RMB353 million, representing a decrease of 280.3% when compared with gains RMB196 million in the corresponding period of 2021. The decrease was mainly attributable to the fact that some of the associate and joint venture property development projects are in preliminary development stage which have not yet recognise revenue to cover the costs and expenses incurred in the preliminary development.

Profit attributable to shareholders

During the Review Period, on balance of the factors discussed above, profit attributable to shareholders of the Company was RMB2,401 million, representing a decrease of 54.6% when compared with RMB5,290 million in the corresponding period of 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position and fund available

As at 30 June 2022, the total cash and bank balances of the Group were RMB25,925 million (31 December 2021: RMB38,420 million), comprising cash and cash equivalents of RMB12,906 million (31 December 2021: RMB22,803 million) and restricted cash of RMB13,019 million (31 December 2021: RMB15,618 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 2022, the Group's undrawn borrowing facilities were RMB3,854 million (31 December 2021: RMB3,848 million).

Borrowings

As at 30 June 2022, the Group's total borrowings amounted to RMB70,170 million, of which (i) bank borrowings and other borrowings; (ii) senior notes; (iii) PRC corporate bonds, CMBS, ABS and exchangeable bonds, were amounted to RMB42,685 million, RMB15,683 million and RMB11,802 million respectively.

| Repayment schedule | As at 30 June 2022 (RMB million) | As at 31 December 2021 (RMB million) |
|--|---|---|
| Bank borrowings and other borrowings | | |
| Within 1 year | 13,177 | 17,145 |
| Over 1 year and within 2 years | 14,717 | 14,415 |
| Over 2 years and within 5 years | 11,379 | 18,690 |
| Over 5 years | 3,412 | 3,799 |
| Subtotal | 42,685 | 54,049 |
| Senior notes | | |
| Within 1 year | 4,024 | 6,998 |
| Over 2 years and within 5 years | 11,659 | 11,063 |
| Subtotal | 15,683 | 18,061 |
| PRC Corporate Bonds, CMBS, ABS and exchangeable bonds | | |
| Within 1 year | 5,392 | 5,437 |
| Over 1 year and within 2 years | 5,234 | 1,200 |
| Over 2 years and within 5 years | 1,176 | 5,127 |
| Subtotal | 11,802 | 11,764 |
| Total | 70,170 | 83,874 |

As at 30 June 2022, the Group's bank borrowings (including syndicated loans) of RMB32,837 million (31 December 2021: RMB40,427 million) and other borrowings of RMB4,372 million (31 December 2021: RMB4,384 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 RMB329 million as at 30 June 2022 (31 December 2021: RMB2,032 million).

The ABS and CMBS of RMB949 million (31 December 2021: RMB949 million) and RMB4,034 million (31 December 2021: RMB4,052 million) were secured by the Group's trade receivables, land use rights, self-used properties and investment properties.

The exchangeable bonds of RMB1,176 million (31 December 2021: RMB1,119 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 2022, the gearing ratio was 48.3% (31 December 2021: 50.8%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in Hong Kong dollars, United States dollars, Macao Pataca and Malaysian Ringgit, and the Company's senior notes was denominated in United States dollars.

Since 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 RMB2,084 million, representing a decrease of 41.4% when compared with RMB3,556 million in corresponding period of 2021. The decrease was mainly attributable to lower average balance of borrowings during the Review Period. The Group's effective borrowing rate for the period was 5.59% (corresponding period of 2021: 5.96%).

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 2022, the outstanding guarantees amounted to RMB52,416 million (31 December 2021: RMB51,824 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 RMB2,870 million (31 December 2021: RMB3,461 million). The Group's share of the guarantees amounted to RMB1,875 million (31 December 2021: RMB2,190 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 RMB9,448 million (31 December 2021: RMB12,904 million). The Group's share of the guarantees amounted to RMB6,040 million (31 December 2021: RMB8,271 million).

As at 30 June 2022, the Company has provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB3,828 million (31 December 2021: RMB7,479 million).

Commitments

As at 30 June 2022, the commitments of the Group in connection with the property development activities were RMB20,017 million (31 December 2021: RMB21,751 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB3,410 million (31 December 2021: RMB3,568 million). Additionally, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB399 million (31 December 2021: RMB547 million).

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

On 21 January 2022, an independent third party as purchaser and an indirect wholly-owned subsidiary of the Company as vendor entered into a sale and purchase agreement, pursuant to which the vendor agreed to sell approximately 26.66% equity interest in a joint venture company to the purchaser at a total consideration of approximately RMB1,844 million. For details, please refer to the announcement of the Company dated 24 January 2022.

On 12, 19 and 28 January and 25 March 2022, an independent third party as purchaser, relevant subsidiaries of the Company (either being indirect wholly-owned or non-wholly owned subsidiaries of the Company) (“**Agile Subsidiaries**”) and relevant project companies of the Company entered into equity transfer agreements, pursuant to which the relevant Agile subsidiaries agreed to sell specified equity interest in six project companies and related shareholder’s loans to the purchaser at a total consideration of RMB1,791,249,800. For details, please refer to the announcements of the Company dated 28 January and 4 April 2022.

On 28 January 2022, an independent third party as purchaser and relevant indirect wholly-owned subsidiaries of the Company entered into sale and purchase agreements, pursuant to which the relevant subsidiaries of the Company agreed to sell specified equity interest in three project companies and related shareholder’s loans to the purchaser. The Group shall receive total gross proceeds in the amount of RMB1 billion from the disposals. For details, please refer to the announcement of the Company dated 28 January 2022.

On 19 May 2022, a project company (approximately 25% equity interest of which are indirectly held by the Company) as borrower and a bank entered into a facility agreement, pursuant to which the bank has agreed to grant to the project company a facility in an aggregate principal amount of up to RMB650,000,000. An indirect wholly-owned subsidiary of the Company agreed to provide an irrevocable guarantee as part of the security in favour of the bank. For details, please refer to the announcement of the Company dated 19 May 2022.

On 24 June 2022, an indirect wholly-owned subsidiary of the Company as borrower, an independent third party as original lender (the “**Mezzanine Lender**”) and a bank as arranger and security agent entered into a mezzanine facility agreement, pursuant to which the Mezzanine Lender agreed to make available a term loan facility in an aggregate principal amount of up to HK\$894,000,000 to the borrower with an option to convert the relevant loan into all of the issued shares in the borrower. For details, please refer to the announcement of the Company dated 24 June 2022.

On 30 June 2022, an independent third party as purchaser and relevant indirect wholly-owned subsidiaries of the Company as vendors entered into a framework agreement, pursuant to which the relevant subsidiaries of the Company shall sell 100% equity interest in a project company and related shareholder's loans to the purchaser and its nominated entity at a total consideration of RMB764,000,000. For details, please refer to the announcement of the Company dated 30 June 2022.

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 August 2022, the Company redeemed all the outstanding US\$200 million 5.125% senior notes due in 2022 at a total redemption price of US\$200,000,000 (equivalent to approximately RMB1,348,200,000).
- (b) On 19 August 2022, Zhongshan A-Living Enterprises Management Services Co., Ltd. (中山雅生活企業管理服務有限公司) (“**Zhongshan A-Living**”), an indirect wholly-owned subsidiary of the Company, entered into a block trade agreement with several independent managers (the “**Managers**”) for disposal 49,000,000 H shares of A-Living held by Zhongshan A-Living upon the terms and subject to the conditions set out in the block trade agreement. The gross proceeds of this transaction are estimated to be approximately HK\$343,500,000. Immediately following completion of the transaction, the Group will hold approximately 50.86% of the issued share capital of A-Living which will continue to be accounted as a subsidiary of the Company.

Concurrently with the execution of the above block trade agreement, Gongqingcheng A-Living Investment Management Limited Partnership (共青城雅生活投資管理合夥企業(有限合夥)) (“**Gongqingcheng**”), a limited partnership controlled by Mr. Huang Fengchao (an executive director of the Company) and Mr. Li Dalong (an executive director of A-Living), entered into a separate block trade agreement with the Managers on terms similar to those in the above block trade agreement, in relation to the disposal of 29,500,000 H Shares of A-Living held by Gongqingcheng, the estimated gross proceeds of approximately HK\$206,800,000 will be loaned to the Company without any security and interest-free.

- (c) As at 22 August 2022, the Company has partial redeemed US\$400 million, 4.85% due 2022 Senior Notes in an aggregate principal amount of US\$39,574,000 (equivalent to approximately RMB260,800,000). On 30 August 2022, the Company has deposited sufficient funds into the designated bank account of the trustee for the redemption of the US\$400 million 4.85% senior notes due 2022 in full at their outstanding principal amount of US\$360,426,000 (equivalent to approximately RMB2,479,803,000) to be due on 31 August 2022.
- (d) The Company repaid the outstanding term loan facility in the principal amount of HK\$719,600,000 and US\$60,000,000 upon the maturity on 28 August 2022.

Employees and remuneration policy

As at 30 June 2022, the Group had a total of 94,602 employees, among which 281 were senior management and 1,980 were middle management. By geographical locations, there were 94,515 employees in mainland China, 31 employees in Hong Kong and 56 employees in overseas. For the six months ended 30 June 2022, the total remuneration costs, including directors' remuneration, were RMB3,876 million (corresponding period of 2021: RMB3,841 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, the property business remained stable as a whole. As the pandemic subsided, the Group's pre-sale amount rose after a decline. 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 2022, the market will continue to pay attention to the development of the pandemic, interest rate hikes by the Federal Reserve, the Russia-Ukraine conflict, inflations and their impacts to the global economy.

The Central Government will continue to adhere to the implementation of a long-term mechanism to “stabilise land prices, housing prices and expectations”, in a view that the restrictions on financing, personal mortgage and regulated pre-sale fund in the real estate industry will be released under the policy guideline of “formulating policies according to each city’s specific condition”, thereby helping real estate enterprises improve liquidity and promoting the recovery of sales.

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.

INTERIM DIVIDEND

The Board did not propose any interim dividend for the six months ended 30 June 2022 (2021: HK50.0 cents).

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 2022.

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 2022.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2022, the Company has complied with all code provisions of the Corporate Governance Code (“**Corporate Governance Code**”) contained in Appendix 14 to the Listing Rules except for the deviation as specified with considered reasons below.

The code provision C.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

In January 2022, the Company has accumulated the repurchase of the US\$500 million 6.7% senior notes due 2022 (ISIN code: XS1959497782) (the “**Senior Notes**”) in an aggregate principal amount of US\$67.1 million plus accrued and unpaid interest, if any. Among the Senior Notes repurchased, an aggregate principal amount of US\$63.5 million had been cancelled in February 2022. On 7 March 2022, the Company redeemed the outstanding Senior Notes in the principal amount of US\$436.5 million in full at the redemption price equal to 100% of the principal amount plus accrued and unpaid interests, if any. The Senior Notes had been delisted from Singapore Exchange Securities Trading Limited (“**SGX**”).

On 11 April 2022, 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 China) repurchased RM692.407 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) (the “**Domestic Bonds**”) followed by the resale of the same during the period from 11 April 2022 to 11 May 2022. The Domestic Bonds are listed on the Shanghai Stock Exchange.

Save as disclosed above, during the six months ended 30 June 2022, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities.

On 13 July 2022, Panyu Agile fully redeemed its non-public domestic corporate bonds in an aggregate principal amount of RMB1,500 million due 2022 with an initial coupon rate of 6.2% (corporate bond code: 167129) at the redemption price of RMB100 each, being its face value, plus accrued and unpaid interests. These bonds had been delisted from the Shanghai Stock Exchange.

On 15 August 2022, the Company redeemed all of its outstanding 5.125% senior notes due 2022 (ISIN code: XS1659119629) in an aggregate principal amount of US\$200 million at the redemption price equal to 100% of the principal amount plus accrued and unpaid interests. These notes had been delisted from SGX.

As at 22 August 2022, the Company has accumulated the repurchase of the US\$400 million 4.85% senior notes due 2022 (ISIN code: XS2382274376) in an aggregate principal amount of US\$39.574 million plus accrued and unpaid interest, if any. These notes are listed on SGX.

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 websites of the Company (www.agile.com.cn), the Stock Exchange (www.hkex.com.hk) and SGX (www.sgx.com). The interim report of the Company for the six months ended 30 June 2022 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, 30 August 2022

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 Mr. Wong Shiu Hoi, Peter#.*

* *Executive Directors*

** *Non-executive Directors*

Independent Non-executive Directors

^ *for identification purposes only*