

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LONGFOR GROUP HOLDINGS LIMITED

龍湖集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 960)

**UNAUDITED INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2022**

FINANCIAL SUMMARY

- Contracted sales amounted to RMB85.81 billion with the corresponding sale of gross floor area (GFA) of 5.185 million square meters.
- Revenue increased by 56.4% to RMB94.80 billion over the same period last year.
- Profit attributable to shareholders was RMB7.48 billion. Excluding effects of fair value changes, core net profit attributable to shareholders increased by 6.1% to RMB6.55 billion over the same period last year. Gross profit increased by 20.1% to RMB20.15 billion over the same period last year and gross profit margin was 21.3%. Core net profit margin was 10.3%, and core net profit margin attributable to shareholders was 6.9%.
- The net debt to equity ratio (net debt divided by total equity) was 55.3%. Cash in hand was RMB87.55 billion.
- Consolidated total borrowings was RMB212.38 billion and average cost of borrowing was 3.99% per annum. Average maturity period of loan was 6.28 years.
- Basic earnings per share were RMB1.268. Excluding effects of fair value changes, core basic earnings per share increased by 5.9% to RMB1.110 over the same period last year. The Board declared the payment of an interim dividend of RMB0.33 per share.

INTERIM RESULTS

The board of directors (the “**Board**”) of Longfor Group Holdings Limited (the “**Company**” or “**Longfor**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended June 30, 2022 with comparative figures for the preceding corresponding period as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED JUNE 30, 2022

		Six months ended June 30,	
		2022	2021
	NOTES	RMB'000	RMB'000
		(unaudited)	(unaudited)
Revenue	3	94,804,581	60,615,215
Cost of sales		(74,657,798)	(43,839,313)
Gross profit		20,146,783	16,775,902
Other income	4	886,808	1,349,511
Other gains and losses	5	(256,061)	17,491
Lease liability charges		(444,462)	(390,856)
Fair value gains upon transfer to investment properties		23,240	289,115
Change in fair value of investment properties		1,554,539	2,259,287
Change in fair value of other derivative financial instruments		(63,193)	(28,675)
Selling and marketing expenses		(2,157,542)	(2,332,297)
Administrative expenses		(4,092,586)	(4,688,722)
Finance costs	6	(83,553)	(80,082)
Share of results of associates		270,674	6,404
Share of results of joint ventures		142,678	693,968
Profit before taxation		15,927,325	13,871,046
Income tax expense	7	(5,044,028)	(3,741,748)
Profit for the period	8	10,883,297	10,129,298

		Six months ended June 30,	
		2022	2021
	<i>NOTE</i>	RMB'000	RMB'000
		(unaudited)	(unaudited)
Profit attributable to:			
Owners of the Company		7,480,032	7,419,311
Non-controlling interests		3,403,265	2,709,987
		<u>10,883,297</u>	<u>10,129,298</u>
Other comprehensive income (expense):			
Item that will not be reclassified to profit or loss:			
Fair value gains on investments in equity instruments at fair value through other comprehensive income (“FVTOCI”)		308,478	1,110,610
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain (loss) on hedging instruments		149,093	(316,875)
(Loss) gain on hedging instruments reclassified to profit or loss		(1,405,916)	260,509
		<u>(1,256,823)</u>	<u>(56,366)</u>
Total other comprehensive (expense) income		<u>(948,345)</u>	<u>1,054,244</u>
Total comprehensive income for the period		<u>9,934,952</u>	<u>11,183,542</u>
Total comprehensive income attributable to:			
Owners of the Company		6,531,687	8,473,555
Non-controlling interests		3,403,265	2,709,987
		<u>9,934,952</u>	<u>11,183,542</u>
Earnings per share, in RMB cents			
Basic	<i>10</i>	<u>126.8</u>	<u>125.9</u>
Diluted	<i>10</i>	<u>125.3</u>	<u>123.8</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2022

	At June 30, 2022	At December 31, 2021
<i>NOTE</i>	RMB'000 (unaudited)	RMB'000 (audited)
NON-CURRENT ASSETS		
Investment properties	180,466,778	174,765,290
Property, plant and equipment	3,473,615	3,649,054
Right-of-use assets	1,632,221	1,696,354
Goodwill	3,834,757	3,838,796
Intangible assets	2,284,446	2,403,421
Interests in associates	16,768,027	15,110,869
Interests in joint ventures	12,824,610	11,636,049
Equity instruments designated at FVTOCI	7,325,220	7,168,444
Derivative financial instruments	91,470	103,390
Deferred taxation assets	11,412,901	10,891,252
	240,114,045	231,262,919
CURRENT ASSETS		
Inventories of properties	392,102,200	404,909,289
Other inventories	489,570	582,977
Deposits paid for acquisition of properties held for development	9,197,898	8,450,249
Accounts and other receivables, deposits and prepayments	38,200,582	37,466,266
Contract cost	958,965	523,650
Amounts due from non-controlling interests	81,339,750	73,228,617
Amounts due from associates	10,696,506	13,124,333
Amounts due from joint ventures	15,438,705	7,823,170
Taxation recoverable	12,674,986	9,663,584
Financial assets at fair value through profit or loss (“FVTPL”)	107,833	76,000
Derivative financial instruments	152,340	5,507
Pledged bank deposits	560,227	430,291
Bank balances and cash	86,993,990	88,104,255
	648,913,552	644,388,188

		At June 30, 2022 <i>RMB'000</i> (unaudited)	At December 31, 2021 <i>RMB'000</i> (audited)
CURRENT LIABILITIES			
Accounts and bills payables, other payables and accrued charges	12	136,759,879	134,185,492
Contract liabilities		181,972,394	194,874,180
Amounts due to non-controlling interests		44,558,049	45,865,816
Amounts due to associates		13,328,296	10,496,275
Amounts due to joint ventures		8,286,942	8,112,495
Taxation payable		33,727,874	37,014,384
Lease liabilities – due within one year		1,438,655	1,383,369
Bank and other borrowings – due within one year		16,416,620	11,585,127
Senior notes – due within one year		5,099,773	2,915,987
Derivative financial instruments		608,766	108,908
Other derivative financial instruments		1,633	876
		442,198,881	446,542,909
NET CURRENT ASSETS		206,714,671	197,845,279
TOTAL ASSETS LESS CURRENT LIABILITIES		446,828,716	429,108,198
CAPITAL AND RESERVES			
Share capital		528,838	528,529
Reserves		123,227,092	124,420,716
Equity attributable to owners of the Company		123,755,930	124,949,245
Non-controlling interests		101,990,757	96,928,363
TOTAL EQUITY		225,746,687	221,877,608
NON-CURRENT LIABILITIES			
Deferred consideration payable		457,913	460,405
Financial liabilities at FVTPL		112,762	112,762
Lease liabilities – due after one year		14,608,455	14,684,321
Bank and other borrowings – due after one year		177,669,288	162,855,029
Senior notes – due after one year		13,189,750	14,710,369
Derivative financial instruments		964,866	1,478,904
Other derivative financial instruments		221,228	150,183
Deferred taxation liabilities		13,857,767	12,778,617
		221,082,029	207,230,590
		446,828,716	429,108,198

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (“IAS 34”) *Interim Financial Reporting* issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2022 are the same as those presented in the Group’s annual financial statements for the year ended December 31, 2021.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board, for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”) (i.e., the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group’s CODM for the purposes of resource allocation and assessment of performance. The Group’s operating segments under IFRS 8 *Operating Segments* are identified as the following three main operations:

- Property development: this segment represents the development and sales of office premises, commercial and residential properties. All the Group’s activities in this regard are carried out in the PRC.

- Property investment: this segment represents the lease of investment properties, which are self-developed or under subleases by the Group to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio mainly comprises shopping malls and rental housing and are all located in the PRC.
- Property management and related services and others: this segment mainly represents the income generated from property management and related services, hotel operation and others. Currently the Group's activities in this regard are carried out in the PRC.

(a) **Segment results**

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the revenue and results attributable to each operating segment based on the followings:

Segment assets include all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of deposits paid for acquisition of properties held for development, interests in associates and joint ventures, equity instruments designated at FVTOCI, deferred taxation assets, taxation recoverable, derivative financial instruments, financial assets at FVTPL and other corporate assets. Other corporate assets are not allocated to the operating segments because they are head office assets or assets which are managed centrally by the Group. The investment properties included in segment assets are stated at cost when assessed by the CODM.

Segment liabilities include accounts and bills payables and accrued expenditure on construction, lease liabilities, contract liabilities, deferred consideration payable and financial liabilities at FVTPL but exclude taxation payable, deferred taxation liabilities, bank and other borrowings, senior notes, derivative financial instruments, other derivative financial instruments and other corporate liabilities. Other corporate liabilities are not allocated to the operating segment because they are head office liabilities or liabilities which are managed on a group basis.

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is adjusted earnings before interest, other income, other gains and losses, taxes, depreciation and amortisation, share of results of associates and joint ventures, change in fair value of investment properties and upon transfer to investment properties, change in fair value of other derivative financial instruments and finance costs ("**Adjusted Earnings**"), where "interest" includes investment income and "depreciation" includes impairment losses on non-current assets. To arrive at Adjusted Earnings, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditor's remuneration and other head office or corporate administration costs.

For the measurement of segment assets and results, property, plant and equipment and certain right-of-use assets are allocated to segments while their corresponding depreciation and amortisation are not allocated to segments.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment sales). Inter-segment sales are priced with reference to prices charged to external parties for similar service.

Information regarding the Group's operating segments is set out below.

Six months ended June 30, 2022 (unaudited)				
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	Total RMB'000
Revenue from external customers				
Recognised at a point in time	81,948,282	–	869,740	82,818,022
Recognised over time	1,819,113	5,862,558	4,304,888	11,986,559
Inter-segment revenue	–	–	2,296,395	2,296,395
Segment revenue	<u>83,767,395</u>	<u>5,862,558</u>	<u>7,471,023</u>	<u>97,100,976</u>
Segment profit (Adjusted Earnings)	<u>12,389,203</u>	<u>3,566,270</u>	<u>1,589,306</u>	<u>17,544,779</u>

Six months ended June 30, 2021 (unaudited)				
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	Total RMB'000
Revenue from external customers				
Recognised at a point in time	48,059,441	–	651,395	48,710,836
Recognised over time	3,775,977	4,784,600	3,343,802	11,904,379
Inter-segment revenue	–	–	1,518,211	1,518,211
Segment revenue	<u>51,835,418</u>	<u>4,784,600</u>	<u>5,513,408</u>	<u>62,133,426</u>
Segment profit (Adjusted Earnings)	<u>9,629,964</u>	<u>3,053,518</u>	<u>1,369,267</u>	<u>14,052,749</u>

In addition to receiving segment information concerning segment profit, the CODM is provided with information concerning the Group's consolidated amount of interests in associates and related share of results, interests in joint ventures and related share of results, changes in fair value of investment properties and upon transfer to investment properties, change in fair value of other derivative financial instruments, other income, other gains and losses, finance costs from borrowings, depreciation and amortisation and impairment losses (if any) which are not allocated to operating segments.

(b) Reconciliations of segment revenue and profit or loss

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue		
Segment revenue	97,100,976	62,133,426
Elimination of inter-segment revenue	<u>(2,296,395)</u>	<u>(1,518,211)</u>
Consolidated revenue	<u>94,804,581</u>	<u>60,615,215</u>
Profit		
Segment profit	17,544,779	14,052,749
Other income	886,808	1,349,511
Other gains and losses	(256,061)	17,491
Fair value gains upon transfer to investment properties	23,240	289,115
Change in fair value of investment properties	1,554,539	2,259,287
Change in fair value of other derivative financial instruments	(63,193)	(28,675)
Finance costs	(83,553)	(80,082)
Share of results of associates	270,674	6,404
Share of results of joint ventures	142,678	693,968
Depreciation and amortisation	(330,440)	(169,448)
Unallocated expenses	<u>(3,762,146)</u>	<u>(4,519,274)</u>
Consolidated profit before taxation	<u>15,927,325</u>	<u>13,871,046</u>

(c) **Revenue from major product and services**

The following is an analysis of the Group's revenue from its properties sold, properties self-developed or under subleases and services provided:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of properties		
– recognised at a point in time	81,948,282	48,059,441
– recognised over time	1,819,113	3,775,977
Property development segment	83,767,395	51,835,418
Revenue from property management and related services and others		
– recognised at a point in time	869,740	651,395
– recognised over time	4,304,888	3,343,802
Property management and related services and others	5,174,628	3,995,197
Revenue from contract with customers	88,942,023	55,830,615
Rental income	5,862,558	4,784,600
Total revenue	94,804,581	60,615,215

(d) **Segment assets**

The following is an analysis of the Group's assets by operating segment:

	At	At
	June 30,	December 31,
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(audited)
Property development	427,150,793	436,420,009
Property investment (<i>Note</i>)	144,094,833	142,112,015
Property management and related services and others	12,318,356	11,349,005
Total segment assets	583,563,982	589,881,029

Note: The above amount of segment assets relating to property investment represents the cost of investment properties upon initial recognition and the cost of right-of-use assets classified under investment properties.

(e) **Segment liabilities**

The following is an analysis of the Group's liabilities by operating segment:

	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
Property development	263,097,039	276,941,934
Property investment	27,625,595	32,877,336
Property management and related services and others	4,651,471	4,329,078
Total segment liabilities	<u>295,374,105</u>	<u>314,148,348</u>

4. OTHER INCOME

	Six months ended June 30, 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Interest income	519,486	690,238
Government subsidies (<i>Note a</i>)	83,669	314,238
Penalty income (<i>Note b</i>)	54,808	30,394
Consultancy income (<i>Note c</i>)	110,112	91,635
Sundry income	118,733	223,006
Total	<u>886,808</u>	<u>1,349,511</u>

Notes:

- (a) The amount represents the grants received from the relevant PRC local government to encourage the investments in specific regions and COVID-19-related subsidies. The subsidies are unconditional and granted on a discretionary basis to the Group during the period.
- (b) It represents penalty received from property buyers who do not execute sales and purchase agreements on property sales and from tenants who early terminated tenancy agreements.
- (c) The amount represents the consultancy services provided to the Group's joint ventures, associates and independent third parties in relation to the property development projects.

5. OTHER GAINS AND LOSSES

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Losses on disposal and written off of property, plant and equipment	(98,383)	(135)
Net exchange (loss) gain (<i>Note</i>)	(1,600,104)	278,135
Reclassification of fair value gain (loss) of hedging instruments from hedging reserve	1,405,916	(260,509)
Gain on repurchase of senior notes	39,460	–
Others	(2,950)	–
	<u>(256,061)</u>	<u>17,491</u>

Note: It represents exchange difference arising from translation of bank balances, bank borrowings and senior notes either denominated in foreign currencies of Hong Kong Dollar (“**HKD**”) or United States Dollar (“**USD**”).

6. FINANCE COSTS

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank and other borrowings	(3,829,794)	(3,660,651)
Interest expense on senior notes	(368,709)	(363,861)
	(4,198,503)	(4,024,512)
Less: Amount capitalised to properties under development for sales and investment properties under development	4,114,950	3,944,430
	<u>(83,553)</u>	<u>(80,082)</u>

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 3.99% (six months ended June 30, 2021: 4.30%) per annum for the six months ended June 30, 2022 to expenditure on the qualifying assets.

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
PRC Enterprise Income Tax (“EIT”)	(3,370,251)	(2,752,608)
Withholding tax on distributed earnings	(254,524)	–
Land Appreciation Tax (“LAT”)	<u>(2,323,859)</u>	<u>(2,164,686)</u>
	(5,948,634)	(4,917,294)
Overprovision in prior periods		
EIT (<i>Note a</i>)	206,764	714,531
LAT (<i>Note b</i>)	<u>1,255,344</u>	<u>1,093,237</u>
	(4,486,526)	(3,109,526)
Deferred taxation		
Current period	<u>(557,502)</u>	<u>(632,222)</u>
	<u>(5,044,028)</u>	<u>(3,741,748)</u>

Notes:

- (a) The assessment and computation of EIT payable in respect of certain subsidiaries which held completed property projects were finalised in the current period, resulting in an overprovision of EIT in respect of prior periods. During the six months ended June 30, 2022 and 2021, preferential tax rate has been granted to certain PRC subsidiaries for calculation of EIT in prior periods, resulting in an overprovision of EIT in respect of prior periods.
- (b) The actual appreciation amount of certain property projects had been finalised and the development plan for certain property projects had been revised in which the revised estimated or final appreciation amount was different with the appreciation amount made in prior periods, resulting in an overprovision of LAT in respect of prior periods.

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods.

Certain of the Company’s subsidiaries operating in the PRC are eligible for exemption from PRC EIT for both periods.

8. PROFIT FOR THE PERIOD

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	159,997	105,898
Depreciation of right-of-use assets	64,133	39,435
Amortisation of intangible assets	106,310	24,115

9. DIVIDENDS

	Six months ended June 30,	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Final dividend recognised in respect of 2021 RMB1.23 (six months ended June 30, 2021: Final dividend recognised in respect of 2020 of RMB1.03) per share	7,475,617	6,247,401

In respect of the final dividend for the year ended December 31, 2021, RMB2,634,373,000 has been paid in cash and the remaining portion has been settled in form of 203,173,427 new fully paid shares of the Company on August 19, 2022.

Subsequent to the end of the reporting period, the Board declared the payment of an interim dividend of RMB2,005,753,000, representing RMB0.33 per share, based on the number of shares in issue as at June 30, 2022, in respect of the six months ended June 30, 2022 (six months ended June 30, 2021: RMB2,850,897,000).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	<u>7,480,032</u>	<u>7,419,311</u>
	2022	2021
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,901,045	5,893,359
Effect of dilutive potential ordinary shares in respect of – Share options and share awards	<u>69,261</u>	<u>101,052</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	<u>5,970,306</u>	<u>5,994,411</u>

The weighted average number of ordinary shares adopted in the calculation of basic and diluted earnings per share for both periods have been arrived at after deducting the shares held in trust for the Company by an independent trustee under the share award scheme of the Company.

11. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are mainly arisen from sale of properties, property investment and property management. Considerations in respect of sales of properties are paid by purchasers in accordance with the terms of the related sales and purchase agreements. For property investment, rental income are paid by tenants within two months from invoice date in accordance with the terms in the tenancy agreements. Property management services income from providing property management services are required to be settled by property owners and property developers within 30 days upon the issuance of demand note.

	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
Trade receivables (<i>Note a</i>)		
– Contract with customers	3,927,115	3,600,681
– Rental	<u>327,068</u>	<u>117,895</u>
	4,254,183	3,718,576
Other receivables, net of allowance for doubtful debts (<i>Note b</i>)	8,668,651	7,074,440
Advances to contractors	4,038,425	3,215,442
Prepaid value added tax and other taxes	21,232,994	22,798,465
Prepayments and utilities deposits (<i>Note c</i>)	<u>6,329</u>	<u>659,343</u>
	<u>38,200,582</u>	<u>37,466,266</u>

Notes:

- (a) The following is an aged analysis of trade receivables at the end of the reporting period based on the dates of delivery of properties and dates of demand notes:

	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
Within 60 days	3,369,247	2,975,012
61 – 180 days	638,786	585,919
181 – 365 days	94,098	69,180
1 – 2 years	116,504	56,497
2 – 3 years	20,279	19,161
Over 3 years	<u>15,269</u>	<u>12,807</u>
	<u>4,254,183</u>	<u>3,718,576</u>

- (b) Other receivables mainly comprise rental deposits, receivables of refund of the deposits for land auctions, deposits for construction work, temporary payments and miscellaneous project-related deposits paid which are refundable within one year.
- (c) As at December 31, 2021, included in the prepayments and utilities deposits, there were payments of RMB597,000,000 mainly for the properties held for development which were paid on behalf of certain entities which the Group potentially invests in (“potential investees”). During the period ended June 30, 2022, such balance has been fully utilised for the capital contribution to an associate for property development in the PRC.

12. ACCOUNTS AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	At June 30, 2022 RMB'000 (unaudited)	At December 31, 2021 RMB'000 (audited)
Trade payables and accrued expenditure on construction (<i>Note a</i>)	96,120,770	101,333,317
Bills payables (<i>Note a</i>)	146,635	27,989
	96,267,405	101,361,306
Dividend payables	7,475,617	2,854,924
Other payables and accrued charges (<i>Note b</i>)	20,255,632	18,108,609
Value added tax payables	12,244,704	10,588,648
Consideration payable within one year for acquisition of assets and liabilities through acquisition of subsidiaries	132,682	375,068
Consideration payable for business combinations	841,752	1,357,342
	137,217,792	134,645,897
Less: Consideration payable due after one year shown under non-current liabilities	(457,913)	(460,405)
Amount due within one year shown under current liabilities	136,759,879	134,185,492

Notes:

- (a) Trade and bills payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress certified by the Group. The Group has financial risk management policies in place to ensure that all payables are settled within in the credit timeframe.

The following is an aged analysis of trade and bills payables, based on the invoice date and issuance date of each bill, at the end of the reporting period:

	At June 30, 2022 <i>RMB'000</i> (unaudited)	At December 31, 2021 <i>RMB'000</i> (audited)
Within 60 days	27,272,118	21,997,788
61 – 180 days	16,675,918	26,347,778
181 – 365 days	20,859,594	26,077,696
1 – 2 years	10,189,111	8,312,763
2 – 3 years	2,878,631	1,824,726
Over 3 years	2,084,861	930,838
	<u>79,960,233</u>	<u>85,491,589</u>

- (b) Other payables and accrued charges comprise mainly tax received and payable to the government on behalf of customers, receipt on behalf of certain entities from potential investment partners, accrued salaries and accrued staff welfare.

CHAIRMAN’S STATEMENT

I am pleased to present to you the half-year business review and outlook of Longfor Group Holdings Limited (the “**Company**”), together with its subsidiaries (collectively the “**Group**”), for the six months ended June 30, 2022.

The current international environment is complex and intense while the domestic economy is facing multiple challenges. Despite a slower GDP growth for the first half of this year with a year-on-year growth of 2.5%, the main policy tone has remained stable and firm, striking a balance between risk control and economic development, and signaling confidence in sustained growth. The real estate and construction industry continue to be an indelible contributor to the national economy and play a crucial part in consumption, investment and people’s livelihood. The property sector is forging ahead amid turmoil, with sales of commercial residential homes nationwide totaling RMB6.6 trillion, representing a year-on-year decrease of 28.9%¹.

Easing of industry policies ensures a steady and healthy development of real estate market. Market recovery is around the corner, bringing in both uncertainties and opportunities. Over the past year, Longfor, along with many other outstanding property developer peers, is firmly stepping forward in spite of many challenges. The core attributable profit for the first half of 2022 stood at RMB6.55 billion, representing a year-on-year increase of 6.1%. Longfor embraces the unknown by ensuring financial stability, strategic focus, and efficient operation of the organization, and these qualities and capabilities accumulated help us navigate economic cycles.

Maintaining low leverage and sufficient cash flow at all times is an important tool to resist risks. Regardless of the ups and downs in the market, Longfor strictly abides by the financial management discipline, firmly controls the proportion of short-term debt and the exposure to offshore debts, and resolutely pursues low-cost and standard financing channels. In the first half of 2022, the Group’s cash to short-term debt ratio was more than four times, and the short-term debt due within one year accounted for about 10.1% of total debt outstanding. Longfor is free of debt repayment pressure for the rest of this year. The average financing cost of the Group has further decreased to 3.99%, and our shareholders have endorsed us with real-money support, indicating their recognition and confidence in our growth and valuable initiative for our future development.

Longfor strongly adheres to the investment focus in the core regions to capture the demand from first home buyers in higher-tier cities due to urbanization migration as well as demand for improved housing conditions. The opportunities in the land market further test our ability to stay focused and rational on the investment. Equally balancing growth and risk control, we make good use of capital and constantly improve turnover and sale-through rate. In the first half of the year, the Company acquired 17 high-quality projects in Beijing, Hangzhou, Chongqing, Chengdu, Hefei, and other core cities, with a gross floor area of 2.26 million sq.m. at an attributable land cost of RMB13.1 billion. The reasonable land price contributes to a gradually recovering profit margin.

Our business is highly synergistic, focusing on business rationale and profitability. The revenue from commercial investment, rental housing, and space service grew steadily to reach RMB11 billion in the first half of 2022, with a year-on-year increase of 26%. Among them, the rental income of investment property was RMB5.9 billion, up 23% year on year. Over the years, we have developed strong brand and operational capabilities through firm investment in self-owned properties and expanded both the asset-light and asset-heavy business landscape.

In the first half of 2022, Longfor delivered more than 70 projects with over 50,000 housing units on schedule. Backed by the high-quality delivery and service, Longfor successfully infiltrates the idea of “satisfaction and surprise” in our home owners. With 24-year experience in property management service, Longfor Intelligent Living constantly expands its service offerings, to serve the real needs of property owners with strict service standards and smart technologies. In the mall under management by Longfor Intelligent Living, we use an integrated operation platform to provide business management services tailored to local conditions, and continuously create flagship projects with the aim to upgrade the urban commercial district.

Through years of development, we have established a sound decision-making system and digital infrastructure that makes for an efficient organization. The digitized underlying business model empowers closer collaboration among employees and business lines with real-time, accurate information. The organization responds to changing situations in a more efficient manner. Accordingly, the Group builds the digital technology-based smart operation and then integrates the experience and resources of multi-businesses to form a competitive uni-operation capacity.

The Group abides by corporate social responsibility and is committed to building a harmonious ecosystem benefiting customers, employees, the environment, industry, and society. Amid the nationwide pandemic since the beginning of the year, the Longfor Foundation has actively coordinated and donated more than RMB30 million to help cities fight the pandemic. We attach great importance to the national carbon neutrality and carbon peaking strategy by announcing our target to reduce the carbon emission intensity per unit area by 15% by 2030. As of the end of the reporting period, we had more than 100 million square meters of projects meeting the green building standards, as well as 100% of the new projects. We continuously practice low-carbon and green sustainable development.

In an environment with more uncertainties and difficulties, we need to consider more about the worst-case scenario and stick to our principles. We are convinced that every crisis or challenge is a touchstone for the long-termist. As the end is in sight, we staunchly gear up for it, move through the cycle and grow resiliently.

Riding through cycles with focus on synergy!

Finally, on behalf of the Board, I would like to express my sincere gratitude to shareholders, customers, and all sectors of society for their support!

Longfor Group Holdings Limited
Wu Yajun
Chairperson

¹. Source: National Bureau of Statistics of China

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

From January to June 2022, revenue from property development business of the Group was RMB83.77 billion. The Group delivered 5.983 million square meters of property in gross floor area (GFA) terms. The gross profit margin of overall property development business was 17.3%. Recognized average selling price was RMB14,001 per square meter from January to June 2022.

Table 1: Breakdown of property development revenue of the Group from January to June 2022

* Amount excluding tax

City	Revenue		Total GFA	
	January to June 2022 RMB million	January to June 2021 RMB million	January to June 2022 '000 Sqm	January to June 2021 '000 Sqm
Hangzhou	14,260	1,529	548	88
Chongqing	9,649	8,398	827	731
Ji'nan	5,338	1,742	433	136
Wenzhou	5,035	–	225	–
Chengdu	4,554	4,757	351	343
Qingdao	3,588	824	391	76
Suzhou	3,312	5,124	162	283
Shanghai	3,187	908	102	58
Nanning	3,023	–	315	–
Kunming	2,819	148	167	12
Hefei	2,681	4,364	221	306
Jiaxing	2,632	34	205	4
Guiyang	2,292	1,150	205	118
Shenyang	2,284	472	216	30
Nanjing	2,069	3,740	121	158
Guangzhou	2,014	2,685	85	146
Changsha	1,807	1,093	182	110
Huizhou	1,443	–	162	–
Fuzhou	1,422	292	76	15
Dalian	1,080	681	92	33
Wuhan	880	1,569	97	94
Shijiazhuang	879	198	89	23
Putian	872	–	111	–
Beijing	690	576	21	32
Dongguan	689	256	32	18
Tianjin	559	1,564	51	101

City	Revenue		Total GFA	
	January to June 2022 <i>RMB million</i>	January to June 2021 <i>RMB million</i>	January to June 2022 <i>'000 Sqm</i>	January to June 2021 <i>'000 Sqm</i>
Weihai	548	8	49	1
Sanya	509	–	25	–
Nanchang	491	5	50	1
Yantai	452	173	58	21
Taiyuan	439	–	47	–
Maoming	311	–	46	–
Yangzhou	231	33	18	2
Qingyuan	183	–	23	–
Wuxi	181	1,204	17	91
Xiamen	130	1,702	9	114
Zhaoqing	123	–	20	–
Tangshan	115	–	15	–
Xi'an	111	197	11	13
Others	885	6,409	108	587
Total	83,767	51,835	5,983	3,745

From January to June 2022, the Group achieved contracted sales of RMB85.81 billion. The Group sold 5.185 million square meters in total GFA. Contracted sales from Yangtze River Delta, western China, Pan Bohai Rim, southern China and central China were RMB29.67 billion, RMB17.12 billion, RMB19.79 billion, RMB12.40 billion and RMB6.83 billion respectively, accounting for 34.6%, 19.9%, 23.1%, 14.4% and 8.0% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group from January to June 2022

* Amount including tax

City	Contracted sales		Total GFA	
	January to June 2022 RMB million	January to June 2021 RMB million	January to June 2022 '000 Sqm	January to June 2021 '000 Sqm
Hefei	7,168	5,332	412	360
Hangzhou	6,162	9,177	221	317
Chongqing	5,168	10,921	446	828
Chengdu	5,146	8,830	319	510
Ji'nan	4,720	6,764	309	491
Nanjing	4,145	2,333	152	125
Beijing	4,059	7,649	118	222
Wuhan	3,474	8,149	214	334
Suzhou	3,266	1,827	140	122
Xi'an	3,236	2,729	174	166
Shenyang	2,833	6,027	206	383
Guangzhou	2,511	2,835	76	86
Qingdao	2,257	3,139	224	303
Changsha	2,212	3,338	185	288
Fuzhou	2,027	5,391	104	366
Tianjin	2,005	2,995	121	160
Wenzhou	1,991	4,823	106	201
Ningbo	1,700	2,261	82	74
Kunming	1,688	5,080	127	313
Taizhou	1,212	1,140	73	73
Wuxi	1,177	919	71	61
Putian	1,145	578	67	52
Changchun	1,027	2,540	91	183
Quanzhou	930	562	72	53
Shijiazhuang	888	1,705	53	94
Hong Kong	836	1,648	3	7
Huizhou	827	859	46	78
Xianyang	804	2,415	82	236
Lanzhou	655	405	59	34
Changzhou	625	1,720	34	77
Dongguan	614	2,441	43	109
Dalian	599	1,596	34	105
Shaoxing	599	2,987	27	143
Nanning	552	612	44	52
Haikou	542	791	26	32

City	Contracted sales		Total GFA	
	January to June 2022 <i>RMB million</i>	January to June 2021 <i>RMB million</i>	January to June 2022 <i>'000 Sqm</i>	January to June 2021 <i>'000 Sqm</i>
Nanchang	528	273	47	23
Guiyang	500	1,850	53	155
Weihai	458	680	43	66
Shenzhen	426	526	16	21
Huzhou	409	–	22	–
Xiamen	409	1,888	15	59
Nantong	362	37	23	3
Yantai	357	640	47	59
Foshan	331	527	22	28
Taiyuan	315	402	33	38
Yangzhou	292	321	21	19
Ganzhou	290	144	30	19
Ningde	212	–	16	–
Jiangmen	202	287	29	32
Zhengzhou	198	2,313	21	159
Zhanjiang	181	–	17	–
Zhuhai	181	931	9	39
Shanghai	178	5,458	12	179
Tangshan	166	286	24	26
Sanya	155	824	7	32
Jinhua	133	–	6	–
Yancheng	133	–	6	–
Jiaxing	119	1,043	38	93
Others	478	1,684	67	170
Total	85,813	142,632	5,185	8,258

As at June 30, 2022, the Group had sold but unrecognized contracted sales of RMB295 billion (with an area of around 17.59 million square meters), which formed a solid basis for the Group's sustainable and stable growth in the core net profit in the future.

PROPERTY INVESTMENT

The Group maintains a prudent property investment strategy. Currently, investment properties of the Group are mainly shopping malls under three major product series, namely Paradise Walk series, which are one-stop experiencing shopping malls, Starry Street series, which are community shopping malls, and MOCO, which are mid to high-end household and lifestyle shopping centers. In addition to the shopping malls, “Goyoo”, which provide new generation with comprehensive rental housing services, have gradually commenced operation in several Tier-1 and Tier-2 cities such as Beijing, Shanghai, Shenzhen, Hangzhou, Chengdu, Nanjing and Chongqing.

From January to June 2022, the rental income, net of tax, of the Group’s property investment business was RMB5.86 billion#. Shopping malls, rental housing and others accounted for 78.5%#, 20.1% and 1.4% of the total rental income respectively. As of June 30, 2022, the Group has shopping malls of 6.18 million square meters (7.73 million square meters in GFA with parking space included) which have commenced operation with an occupancy rate of 95.6%. 111,000 apartments of Goyoo have commenced operation with the occupancy rate of 93.3%, boasting a leading position in the industry in terms of its scales. The occupancy rate of Goyoo which have commenced operation for more than six months was 95.4%.

Excluded Beijing Chang’an Paradise Walk etc.

Table 3: Breakdown of rental income of the Group’s shopping malls from January to June 2022 ##

* Amount excluding tax

	January to June 2022				January to June 2021			Change of rental income
	GFA Sqm	Rental Income RMB’000	% of Rental	Occupancy rate	Rental Income RMB’000	% of Rental	Occupancy rate	
Chongqing North Paradise Walk	120,778	272,233	5.8%	99.0%	273,096	7.4%	99.5%	-0.3%
Chongqing West Paradise Walk	76,031	73,088	1.6%	96.1%	71,583	1.9%	98.1%	2.1%
Chongqing Time Paradise Walk Phase I	160,168	206,538	4.4%	97.4%	205,552	5.5%	99.2%	0.5%
Chongqing Time Paradise Walk Phase II	154,460	146,465	3.1%	96.4%	140,931	3.8%	97.4%	3.9%
Chongqing Time Paradise Walk Phase III	73,774	57,858	1.2%	91.8%	49,482	1.3%	94.3%	16.9%
Chengdu Three Thousand Paradise Walk	38,043	15,245	0.3%	85.6%	15,935	0.4%	95.0%	-4.3%
Chengdu North Paradise Walk	215,536	89,449	1.9%	86.7%	84,824	2.3%	83.8%	5.5%
Chengdu Time Paradise Walk Phase I	61,989	28,088	0.6%	95.5%	28,122	0.8%	99.0%	-0.1%

	January to June 2022				January to June 2021			Change of rental income
	GFA Sqm	Rental Income RMB'000	% of Rental	Occupancy rate	Rental Income RMB'000	% of Rental	Occupancy rate	
Beijing Changying Paradise Walk	221,286	278,172	6.0%	97.8%	252,818	6.8%	99.8%	10.0%
Hangzhou Jinsha Paradise Walk	151,135	154,940	3.3%	96.3%	142,757	3.9%	99.2%	8.5%
Chengdu Jinnan Paradise Walk	91,638	71,421	1.5%	98.2%	69,009	1.9%	99.6%	3.5%
Beijing Daxing Paradise Walk	144,565	134,265	2.9%	98.9%	110,375	3.0%	98.9%	21.6%
Shanghai Hongqiao Paradise Walk	170,450	77,456	1.7%	96.3%	70,268	1.9%	96.0%	10.2%
Chongqing U-City Paradise Walk Phase I	15,516	9,677	0.2%	88.3%	8,994	0.2%	100.0%	7.6%
Chongqing U-City Paradise Walk Phase II	96,411	78,797	1.7%	98.7%	73,444	2.0%	99.8%	7.3%
Chongqing Hometown Paradise Walk	93,152	76,081	1.6%	97.6%	70,408	1.9%	100.0%	8.1%
Hangzhou Binjiang Paradise Walk Phase I	158,067	170,936	3.7%	98.4%	162,717	4.4%	98.8%	5.1%
Suzhou Shishan Paradise Walk	197,466	165,640	3.6%	99.2%	155,550	4.2%	99.1%	6.5%
Shanghai Baoshan Paradise Walk	98,339	115,062	2.5%	97.8%	110,561	3.0%	100.0%	4.1%
Changzhou Longcheng Paradise Walk	119,328	58,336	1.3%	95.4%	56,168	1.5%	99.3%	3.9%
Beijing Fangshan Paradise Walk	103,688	105,536	2.3%	98.9%	97,765	2.6%	100.0%	7.9%
Chengdu Xichen Paradise Walk	152,639	86,695	1.9%	94.6%	78,979	2.1%	98.0%	9.8%
Chengdu Binjiang Paradise Walk	140,000	80,294	1.7%	99.0%	72,877	2.0%	97.6%	10.2%
Hangzhou Binjiang Paradise Walk Phase II	22,627	17,289	0.4%	98.1%	17,977	0.5%	98.5%	-3.8%
Hangzhou Xixi Paradise Walk	130,063	128,127	2.8%	97.1%	112,684	3.0%	99.2%	13.7%
Hangzhou Zijing Paradise Walk	83,000	69,070	1.5%	96.1%	64,839	1.7%	98.5%	6.5%
Shanghai Huajing Paradise Walk	42,253	32,210	0.7%	97.1%	30,183	0.8%	96.8%	6.7%
Shanghai Minhang Paradise Walk	94,859	82,806	1.8%	99.4%	81,109	2.2%	99.5%	2.1%
Hefei Yaohai Paradise Walk	98,320	36,080	0.8%	90.4%	29,378	0.8%	94.3%	22.8%
Nanjing Liuhe Paradise Walk	108,000	34,433	0.7%	85.2%	34,538	0.9%	91.7%	-0.3%
Beijing Chang'an Paradise Walk	52,563	57,196	1.2%	100.0%	49,268	1.3%	99.6%	16.1%
Nanjing Longwan Paradise Walk	120,367	85,288	1.8%	91.1%	88,024	2.4%	99.6%	-3.1%
Nanjing Jiangbei Paradise Walk	146,286	80,672	1.7%	88.9%	76,601	2.1%	98.0%	5.3%
Xi'an Xiangti Paradise Walk	78,962	38,655	0.8%	98.7%	37,127	1.0%	100.0%	4.1%
Chongqing Jinsha Paradise Walk	204,113	174,361	3.7%	95.1%	166,551	4.5%	99.4%	4.7%
Chengdu Shangcheng Paradise Walk	114,227	69,640	1.5%	91.6%	68,285	1.8%	97.9%	2.0%
Chengdu Time Paradise Walk Phase II	63,183	31,133	0.7%	97.2%	27,494	0.7%	99.1%	13.2%
Suzhou Xinghu Paradise Walk	112,537	59,941	1.3%	96.3%	56,288	1.5%	99.4%	6.5%
Chongqing Lijia Paradise Walk	110,508	74,657	1.6%	97.0%	62,592	1.7%	98.6%	19.3%

	January to June 2022				January to June 2021			Change of rental income
	GFA Sqm	Rental Income RMB'000	% of Rental	Occupancy rate	Rental Income RMB'000	% of Rental	Occupancy rate	
Ji'nan Olympic Sports Center								
Paradise Walk	77,571	45,220	1.0%	94.6%	42,912	1.2%	99.5%	5.4%
Beijing Lize Paradise Walk	92,014	76,943	1.7%	100.0%	34,702	0.9%	99.9%	121.7%
Suzhou Shishan Paradise Walk								
Block B	12,259	9,546	0.2%	94.9%	4,001	0.1%	100.0%	138.6%
Changsha Yanghu Paradise								
Walk	101,629	49,263	1.1%	91.2%	14,536	0.4%	99.0%	238.9%
Wuhan Jiangchen Paradise Walk	138,583	119,853	2.6%	98.4%	14,064	0.4%	98.1%	752.2%
Chengdu Jinchun Paradise Walk	83,000	46,390	1.0%	97.2%	5,866	0.2%	98.8%	690.8%
Nanjing Hexi Paradise Walk	112,123	80,876	1.7%	91.4%	–	–	–	–
Beijing Xiyue Paradise Walk	105,311	86,551	1.9%	98.7%	–	–	–	–
Hangzhou Jiangdong Paradise								
Walk	107,125	50,313	1.1%	96.4%	–	–	–	–
Suzhou Dongwu Paradise Walk	114,200	81,713	1.7%	98.8%	–	–	–	–
Hangzhou Dingqiao Paradise								
Walk	125,186	96,211	2.0%	95.9%	–	–	–	–
Chongqing Gongyuan Paradise								
Walk	138,034	68,524	1.5%	93.5%	–	–	–	–
Qingdao Jiaozhou Paradise								
Walk	86,935	10,107	0.2%	96.1%	–	–	–	–
Hangzhou Wujiao Paradise								
Walk	53,884	14,225	0.3%	94.4%	–	–	–	–
Paradise Walk Subtotal	5,784,181	4,459,565	95.8%	95.6%	3,521,234	95.0%	97.8%	26.6%
Chongqing Crystal Castle	16,161	10,655	0.2%	93.1%	11,821	0.3%	99.8%	-9.9%
Chongqing Chunsen Starry								
Street	54,618	21,501	0.5%	99.4%	19,664	0.5%	97.1%	9.3%
Chongqing Fairy Castle	29,413	6,207	0.1%	100.0%	5,939	0.2%	100.0%	4.5%
Beijing Summer Palace Starry								
Street	6,320	15,842	0.3%	100.0%	13,306	0.4%	100.0%	19.1%
Xi'an Daxing Starry Street	44,227	29,488	0.6%	93.0%	31,534	0.9%	99.2%	-6.5%
Xi'an Qujiang Starry Street	63,206	35,457	0.8%	91.1%	39,253	1.1%	99.5%	-9.7%
Shanghai Minhang Starry Street	24,740	11,940	0.3%	85.3%	12,970	0.3%	83.6%	-7.9%
Chengdu Wuhou Starry Street	31,168	18,436	0.4%	100.0%	15,737	0.4%	100.0%	17.2%
Chongqing Aijia Starry Street	52,500	17,580	0.4%	96.9%	–	–	–	–
Others	43,794	12,500	0.3%	N/A	17,629	0.5%	N/A	-29.1%
Starry Street Subtotal	366,147	179,606	3.9%	95.6%	167,853	4.5%	97.9%	7.0%
Chongqing MOCO	29,104	15,270	0.3%	90.8%	16,949	0.5%	96.5%	-9.9%
MOCO Subtotal	29,104	15,270	0.3%	90.8%	16,949	0.5%	96.5%	-9.9%
Total for projects that had commenced operation	6,179,432	4,654,441	100.0%	95.6%	3,706,036	100.0%	97.8%	25.6%

From January to June 2022, the total sales of shopping malls were RMB21.6 billion. The total foot traffic was 300 million.

Major investment properties under construction of the Group are as follows:

Table 4: Major investment properties under construction of the Group

	Estimated Commencement of Operation	Planned GFA Sqm
Chongqing Time Paradise Walk Phase IV	2022	77,188
Chongqing La Defense	2022	125,158
Beijing Yizhuang Paradise Walk	2022	107,101
Shanghai Jinhui Paradise Walk	2022	72,919
Nanchang Qingshanhu Paradise Walk	2022	95,473
Wuhan Baisha Paradise Walk	2022	38,096
Wuhan Fengsheng Road Paradise Walk	2022	105,577
Shenyang Hunnan Paradise Walk	2022	86,812
Chengdu Shuxin Paradise Walk	2022	118,611
Chongqing Longxing Core District Paradise Walk	2023 and hereafter	75,652
Nanning Qingxiu Paradise Walk	2023 and hereafter	121,482
Haikou TOD Paradise Walk	2023 and hereafter	222,032
Kunming Time Paradise Walk	2023 and hereafter	133,022
Wuxi Xishan Paradise Walk	2023 and hereafter	46,684
Changsha Kaifu Paradise Walk	2023 and hereafter	111,591
Shaoxing Jinghu Paradise Walk	2023 and hereafter	133,560
Ningbo Haishu Paradise Walk	2023 and hereafter	92,344
Jinan Beichen Paradise Walk	2023 and hereafter	93,121
Changzhou Yuanshan Paradise Walk	2023 and hereafter	81,889
Hangzhou Binkang Paradise Walk	2023 and hereafter	101,331
Chengdu Dong'an Paradise Walk	2023 and hereafter	104,551
Nanjing Yushan Paradise Walk	2023 and hereafter	125,885
Changsha Xinyao Paradise Walk	2023 and hereafter	127,940
Hefei High-Tech Paradise Walk	2023 and hereafter	121,020

Due to the rental increase of shopping malls in operation, continuous investments in projects under construction and the development of rental housing “Goyoo”, the valuation gain of investment properties of the Group amounted to RMB1.58 billion from January to June 2022.

COST CONTROL

From January to June 2022, the Group continued to acquire new projects to support its business development, coupled with its focus on high quality talents and organization efficiency improvement, the Group's general and administrative expenses as a percentage of contracted sales increased by 1.5% to 4.8% as compared to the corresponding period of last year. Meanwhile, in order to enhance the brand influence, the Group increased investments in marketing expenses, our selling expenses as a percentage to contracted sales was 2.5%, representing an increase of 0.9% as compared to the corresponding period of last year.

SHARE OF RESULTS OF JOINT VENTURES

From January to June 2022, the contribution of joint ventures was mainly from projects like the Group's 50.0%-owned Hong Kong Kai Tak Project. The attributable profit after tax of the Group in joint ventures was RMB143 million.

SHARE OF RESULTS OF ASSOCIATES

From January to June 2022, the contribution of associates was mainly from projects like the Group's 45.0%-owned Xi'an Liangjiatan Project. The attributable profit after tax of the Group in associates was RMB271 million.

INCOME TAX EXPENSE

Income tax expense includes PRC enterprise income tax and land appreciation tax. From January to June 2022, the enterprise income tax expense and land appreciation tax of the Group were RMB3.97 billion and RMB1.07 billion, respectively. The total income tax expenses for the period amounted to RMB5.04 billion.

PROFITABILITY

From January to June 2022, the Group's core net profit margin was 10.3%, while that of the corresponding period of last year was 13.6%; and core net profit margin attributable to shareholders was 6.9%, while that of the corresponding period of last year was 10.2%. It was mainly due to increases in the revenue for the year and the combined effects of expenses, share of results of joint ventures and associates and changes in tax expenses.

LAND BANK REPLENISHMENT

As at June 30, 2022, the Group's total land bank was 67.67million square meters or 46.90 million square meters on an attributable basis. The average unit land cost was RMB5,206 per square meter, accounting for 31.4% of the unit price of current contracted sales. In terms of regional breakdown, the land bank in Pan Bohai Rim, western China, Yangtze River Delta, central China and southern China accounted for 31.8%, 25.8%, 18.7%, 13.7% and 10.0% of total land bank, respectively.

From January to June 2022, the Group acquired new land bank with total GFA of 2.26 million square meters or 1.34 million square meters on an attributable basis. Average cost of acquisition on an attributable basis was RMB9,831 per square meter. In terms of regional breakdown, the newly acquired area in Yangtze River Delta, western China, central China, Pan Bohai Rim and southern China accounted for 56.3%, 24.4%, 13.0%, 3.3% and 3.0% of the total GFA of the newly acquired land bank, respectively.

Subsequent to the reporting period[#], the Group acquired new land bank with a total GFA of 0.34 million square meters or 0.22 million square meters on an attributable basis. In terms of regional breakdown, the land bank newly acquired subsequent to the period in Yangtze River Delta and western China accounted for 70.8% and 29.2% of the total GFA of the land bank acquired subsequent to the period, respectively.

Currently, there are 69 cities covered by the Group[#]. In addition to focusing on Tier-1 and Tier-2 cities, we also made appropriate investment in projects located in city clusters within metropolitan circles. The project size was also controlled at an appropriate level, which laid a well foundation for improving the turnover cycle of the Group's properties available for sale.

[#] As of July 31, 2022

The geographic spread of the land bank of the Group was as follows:

Table 5: Breakdown of the land bank of the Group

Region	City	Total GFA Sqm	% of Total	Attributable GFA Sqm	% of Total
Pan Bohai Rim	Yantai	7,595,416	11.2%	7,595,416	16.2%
	Shenyang	2,855,903	4.2%	1,647,545	3.5%
	Qingdao	2,726,071	4.0%	1,792,725	3.8%
	Jinan	2,316,892	3.4%	1,937,797	4.1%
	Changchun	1,768,244	2.6%	1,374,656	2.9%
	Tianjin	1,182,842	1.7%	927,946	2.0%
	Beijing	779,609	1.2%	317,144	0.7%
	Shijiazhuang	624,543	0.9%	471,801	1.0%
	Baoding	520,667	0.8%	520,667	1.1%
	Tangshan	352,510	0.5%	188,275	0.4%
	Taiyuan	298,021	0.5%	298,021	0.6%
	Dalian	236,976	0.4%	158,858	0.3%
	Jinzhong	183,544	0.3%	183,544	0.4%
	Weihai	100,878	0.1%	70,614	0.2%
	Subtotal	21,542,116	31.8%	17,485,009	37.3%
Central China	Wuhan	4,204,549	6.2%	2,085,109	4.4%
	Changsha	2,282,312	3.4%	1,415,220	3.0%
	Ezhou	1,775,241	2.6%	621,335	1.4%
	Zhengzhou	595,363	0.9%	317,134	0.7%
	Ganzhou	228,798	0.3%	139,804	0.3%
	Nanchang	171,645	0.3%	107,457	0.2%
	Subtotal	9,257,908	13.7%	4,686,059	10.0%
Western China	Chongqing	5,607,347	8.3%	3,790,108	8.1%
	Chengdu	3,068,108	4.5%	2,135,119	4.5%
	Guiyang	2,155,240	3.2%	1,257,091	2.7%
	Xi'an	1,792,206	2.6%	1,440,774	3.1%
	Xianyang	1,692,036	2.5%	964,407	2.1%
	Kunming	1,530,478	2.3%	965,155	2.1%
	Lanzhou	989,532	1.5%	749,669	1.6%
	Yuxi	640,936	0.9%	640,936	1.3%
	Subtotal	17,475,883	25.8%	11,943,259	25.5%

Region	City	Total GFA <i>Sqm</i>	% of Total	Attributable	
				GFA <i>Sqm</i>	% of Total
Yangtze River Delta	Hangzhou	1,847,044	2.7%	1,224,366	2.6%
	Hefei	1,830,095	2.7%	1,586,768	3.4%
	Suzhou	1,504,902	2.2%	972,390	2.1%
	Nanjing	1,362,151	2.0%	1,070,970	2.3%
	Ningbo	1,240,227	1.8%	868,961	1.8%
	Wuxi	755,847	1.1%	502,516	1.1%
	Taizhou	705,593	1.0%	390,807	0.8%
	Shanghai	593,442	0.9%	308,684	0.6%
	Wenzhou	583,972	0.9%	361,034	0.8%
	Changzhou	574,898	0.8%	347,971	0.7%
	Shaoxing	520,854	0.8%	260,427	0.5%
	Yancheng	320,887	0.5%	217,312	0.5%
	Nantong	299,170	0.4%	160,294	0.3%
	Jinhua	205,657	0.3%	61,697	0.1%
	Huzhou	172,117	0.3%	87,780	0.2%
	Yangzhou	86,423	0.1%	86,423	0.2%
	Xuzhou	50,930	0.1%	25,975	0.1%
	Subtotal	12,654,209	18.7%	8,534,375	18.2%
Southern China	Fuzhou	790,883	1.2%	555,701	1.2%
	Haikou	774,909	1.1%	774,909	1.7%
	Xiamen	543,513	0.8%	217,405	0.5%
	Guangzhou	542,409	0.8%	387,827	0.8%
	Zhuhai	537,020	0.8%	142,765	0.3%
	Huizhou	473,812	0.7%	354,278	0.8%
	Dongguan	462,412	0.7%	356,232	0.8%
	Quanzhou	435,206	0.6%	280,861	0.6%
	Putian	399,177	0.6%	99,754	0.2%
	Nanning	334,179	0.5%	181,252	0.4%
	Foshan	316,355	0.5%	253,084	0.5%
	Zhanjiang	295,720	0.4%	150,817	0.3%
	Qingyuan	210,881	0.3%	106,870	0.2%
	Zhaoqing	186,346	0.3%	130,442	0.3%
	Zhongshan	145,993	0.2%	58,397	0.1%
	Jiangmen	142,187	0.2%	71,094	0.2%
	Ningde	69,858	0.1%	48,901	0.1%
Sanya	45,866	0.1%	45,866	0.1%	
Shenzhen	35,810	0.1%	35,810	0.1%	
	Subtotal	6,742,536	10.0%	4,252,265	9.1%
	Total	67,672,652	100.0%	46,900,967	100.0%

Table 6: Land acquisitions from January to June 2022

Region	Project Name	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Pan Bohai Rim	Dongheyan Towns Project	Beijing	30%	74,646	22,394
	Subtotal			74,646	22,394
Western China	Southwest Sea P Plot	Kunming	100%	95,543	95,543
	Caijia Zutuan P01-1/05 Plot	Chongqing	60%	65,833	39,500
	Xiyong Zutuan L58/05 Plot	Chongqing	66%	62,652	41,350
	Xiyong Zutuan L59/06 Plot	Chongqing	80%	86,290	69,032
	Shiling Street Plot	Chengdu	50%	134,798	67,399
	Yixin Street Plot	Chengdu	50%	52,425	26,213
	Caijia Zutuan Letao Plot	Chongqing	100%	53,700	53,700
	Subtotal			551,241	392,737
Yangtze River Delta	Yonglong Mansion North Plot	Hefei	32%	177,434	56,779
	Hangteng Future Community Plot	Hangzhou	51%	591,334	301,580
	Yanghewan Plot	Hefei	73%	130,508	95,271
	Jiangan Sicence Park No.19 Plot	Hangzhou	40%	72,802	29,121
	Tengda Road Plot	Taizhou	80%	174,902	139,922
	Feixi Jinzhai South Road Plot	Hefei	50%	128,171	64,086
	Subtotal			1,275,151	686,759
Central China	Furong Paradise Walk Plot	Changsha	100%	101,320	101,320
	Guancheng Hui District Jindai Plot	Zhengzhou	51%	194,048	98,964
	Subtotal			295,368	200,284
Southern China	Quan'an North Road Project	Quanzhou	51%	66,932	34,135
	Subtotal			66,932	34,135
	Total			2,263,338	1,336,309

The details of the land bank acquired by the Group subsequent to the reporting period[#] are as follows:

Table 7: Land acquisitions subsequent to the period[#]

Region	Project Name	City	Attributable Interest %	Expected GFA Sqm	Attributable GFA Sqm
Yangtze River Delta	Pukou District Zhuquan Road Plot	Nanjing	75%	53,686	40,265
	Pukou District Taibei Road Plot	Nanjing	70%	186,376	130,463
	Subtotal			240,062	170,728
Western China	Shuangliu District Yixin Subdistrict Plot	Chengdu	50%	99,239	49,620
	Subtotal			99,239	49,620
	Total			339,301	220,348

[#] As of July 31, 2022

FINANCIAL POSITION

As at June 30, 2022, the Group's consolidated borrowings amounted to RMB212.38 billion. Cash in hand was RMB87.55 billion*. Net debt to equity ratio (net debt divided by total equity) was 55.3%. Liabilities to asset ratio (ex. Pre-sale Deposits)** was 68.1%. The credit rating of the Group was BBB by Standard & Poor, Baa2 by Moody's, BBB by Fitch, and AAA by CCXR***, Shanghai Brilliance, with stable outlook.

* Of them, regulated pre-sale funds amounted to RMB20.54 billion

** $Liabilities\ to\ asset\ ratio\ (ex.\ Pre\text{-}sale\ Deposits) = (total\ liabilities - Pre\text{-}sale\ Deposits) / (total\ assets - Pre\text{-}sale\ Deposits)$

*** The ratings given by CCXR were for the rating on Chongqing Longhu Development Co., Ltd., a major subsidiary of the Company in Mainland China.

Approximately 73.1% of the Group's total borrowings were denominated in RMB, while 26.9% were denominated in foreign currencies. The Group maintains its borrowings in foreign currencies in a low proportion with a certain amount of exchange rate swap so as to control the risk in exchange losses.

Approximately RMB75.72 billion of the Group's consolidated borrowings were with fixed interest rates ranging from 3.3% to 5.0% per annum, depending on the terms of the loans, and the other loans were quoted at floating rates. As of June 30, 2022, the fixed interest debt as a percentage of total debt was 35.7% (December 31, 2021: 40%).

The Group's average cost of borrowing was 3.99% per annum. The average maturity period of loan was 6.28 years. The unsecured debt as a percentage of total debt was 73.1%. The debt due within one year was RMB21.52 billion, accounting for 10.1% of total debt. Excluding regulated pre-sale funds and restricted capital, cash to short-term debt ratio was 3.09X.

In the first half of 2022, the Group successfully issued corporate bonds of RMB3.3 billion in the domestic capital market, at a coupon rate ranging from 3.49% to 4.00% with terms ranging from six to eight years;

Subsequent to the reporting period, in July 2022, the Group successfully issued corporate bonds of RMB1.7 billion in the domestic capital market, at a coupon rate of 4.1% with a term of six years. In August 2022, the Group successfully issued medium-term notes of RMB1.5 billion in the domestic capital market, at a coupon rate of 3.3% with a term of three years.

EMPLOYEES AND COMPENSATION POLICY

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of employees consisted of base salary, cash bonus and share-based rewards. The gross amount of cash bonus is determined from, amongst other things, the ranking of the Group's budget fulfilment ratio and loyalties of customers, which is then assessed and allocated by individual subsidiaries according to the results of a balanced scorecard and profitability.

REVIEW AND OUTLOOK

In the first half, the real estate industry is put to the severe test with the slow macro-economic growth and the reversal of COVID-19 in cities. The commercial housing sales in China amounted to RMB6.6 trillion, a year-on-year decrease of 28.9%. The policies remained dominated by stability to stimulate a healthy industry. Nevertheless, the real estate industry is still the pillar of the national economy.

Adhering to the “Space as a Service” strategy, the Group is firmly committed to the synergistic development of real estate development, commercial investment, rental housing, space service, and other core businesses. We discern and take the opportunities brought by technological innovation, and embrace changes while solidifying our main businesses by focusing on customers. We constantly upgrade operation system and improve our overall professional capacity to improve organizational efficiency.

In terms of commercial investment, the Company continued to put its efforts into advancing space, brand, and operation service. In the first half of the year, three out of four new malls opened as scheduled were asset-light properties, to accelerate the model of both asset-light and asset-heavy businesses. Since residents were unable to travel freely and their consumption shrank under the impact of COVID-19, our sales and customer traffic in the first half declined slightly year on year, but the rental income increased by 26% to RMB4.65 billion year on year.

The rental income earned by the rental housing brand Goyoo in the first half reached RMB1.18 billion, and the occupancy rate of the houses open for six months or longer was 95.4%, a steady increase. The Company has been providing prime products and services, and constantly enhancing user experience in housing. While focusing on customer needs, we also follow the commercial logic - pursuing a return on investment - and continue to create profits by virtue of stable operation and high-quality growth.

As a service provider of wonderful urban space, Longfor Intelligent Living constantly confronts the boundaries of space and time with high-quality services and leading technology. The Company remains true to the original aspiration and continues the idea of “Forever for You” to further reinforce the One Longfor ecosystem under the strategy of “Space as a Service”.

In the second half of 2022, the Group will have 215 major projects on sale, among which 20 will be brand-new projects, and 132 projects will launch a bunch of new products, covering various demands for first home buyers, upgraders and commercial operators, etc. The Group implements the differentiation strategy, and accurately plans its products and business configuration according to the needs of different customers in different regions, to seize opportunities in the volatile market.

The Group (including joint ventures and associates) completed properties with a total GFA of about 8 million square meters as at June 30, 2022, and plans to complete properties with a total GFA of 25 million square meters in 2022, most of which will be completed in the second half of the year. These projects' construction and sales are in pace.

In terms of investment property, several commercial investments including Qingdao Jiaozhou Paradise Walk, Hangzhou Wujiao Paradise Walk and Chongqing Aijia Liangjiang Starry Street opened in the first half of 2022. And a number of Paradise Walks will be opened in cities like Beijing, Shanghai, Chongqing in the second half of 2022. One of our core businesses, Goyoo, a rental housing business, opened and operated successively in Tier-1 and Tier-2 cities such as Beijing, Shanghai, Shenzhen, Hangzhou, Chengdu, Nanjing, and Chongqing, and will be steadily promoted with the growth of market demand in the future. The investment and development of the above two businesses laid a solid foundation for the Group's future investment property rental growth.

Faced with increasingly fierce competition in the industry, the Group will always stick to its original aspiration, and adhere to a sound financial management strategy. The Group will maintain our advantages of low-cost and multi-channel financing, maintain a reasonable and safe debt level, and strive for stable and sustainable development. In the perspective of project investment, the Group will continue to balance our cash flow and profit, control the cost of land acquisition and improve the efficiency of capital use through external cooperation and secondary market acquisition.

PAYMENT OF INTERIM DIVIDEND

The Board declared payment of an interim dividend of RMB0.33 per share for the six months ended June 30, 2022. The interim dividend shall be declared in RMB and paid in Hong Kong dollars. The interim dividend payable in Hong Kong dollars will be converted from RMB at the average mid-point rate of exchange rates of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Wednesday, November 23, 2022 to Thursday, November 24, 2022. The interim dividend will be paid on or around Friday, January 20, 2023 to the shareholders whose names appear on the register of members of the Company on Wednesday, November 30, 2022. The eligible Shareholders are given an option to elect to receive the interim dividend all in cash or new Shares or partly in new Shares and partly in cash (the "**Scrip Dividend Scheme**").

The Scrip Dividend Scheme is subject to The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new Shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the eligible Shareholders on or around Wednesday, December 7, 2022. It is expected that the Interim Dividend warrants and certificates for the new Shares (in case the eligible Shareholders have elected to receive part or all their Interim Dividend in the form of new Shares) will be dispatched to the eligible Shareholders on or around Friday, January 20, 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, November 28, 2022 to Wednesday, November 30, 2022, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify for the interim dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, November 25, 2022.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended June 30, 2022, the trustee of the Restricted Share Award Scheme purchased on The Stock Exchange of Hong Kong Limited a total of 19,999,527 shares at a total consideration of approximately HKD783,649,245 pursuant to the terms of the trust deed under the Restricted Share Award Scheme. Other than the aforesaid, neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2022.

CORPORATE GOVERNANCE

During the six months ended June 30, 2022, the Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three independent non-executive directors, Mr. Chan Chi On, Derek, Mr. Frederick Peter Churchouse, and Mr. Xiang Bing and is chaired by Mr. Chan Chi On, Derek. The Group's unaudited condensed consolidated interim results for the six months ended June 30, 2022 were reviewed by the members of the Audit Committee before submission to the Board for approval.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its own code of conduct for dealings in securities of the Company by directors. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the six months ended June 30, 2022.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Company (www.longfor.com) and the designated issuers for website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). The interim report 2022 of the Company will be dispatched to the shareholders of the Company and available on the above websites in due course.

By Order of the Board
Longfor Group Holdings Limited
Wu Yajun
Chairperson

Hong Kong, August 26, 2022

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Chen Xuping and Mr. Zhao Yi who are executive directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Mr. Zeng Ming who are independent non-executive directors.