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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, 2023**

FINANCIAL SUMMARY

- Contracted sales amounted to RMB98.52 billion with the corresponding sale of total gross floor area (GFA) of 5.799 million square meters.
- Revenue amounted to RMB62.04 billion.
- Profit attributable to shareholders was RMB8.06 billion. Excluding effects of fair value changes, core net profit attributable to shareholders increased by 0.6% to RMB6.59 billion over the same period last year. Gross profit was RMB13.90 billion with gross profit margin of 22.4%. Core net profit margin was 12.6%, and core net profit margin attributable to shareholders was 10.6%.
- The net debt to equity ratio (net debt divided by total equity) was 57.2%. Cash in hand was RMB72.43 billion.
- Consolidated total borrowings was RMB207.09 billion and average cost of borrowing was 4.26% per annum. Average maturity period of loan was 7.19 years.
- Basic earnings per share were RMB1.316. Excluding effects of fair value changes, core basic earnings per share was RMB1.076. The Board declared the payment of an interim dividend of RMB0.32 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, 2023 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, 2023

	<i>NOTES</i>	Six months ended June 30,	
		2023	2022
		<i>RMB'000</i>	<i>RMB'000</i>
		(unaudited)	(unaudited)
Revenue	3	62,044,415	94,804,581
Cost of sales		(48,144,545)	(74,657,798)
Gross profit		13,899,870	20,146,783
Other income	4	806,423	886,808
Other gains and losses	5	86,701	(256,061)
Lease liability charges		(402,216)	(444,462)
Fair value gains upon transfer to investment properties		21,613	23,240
Change in fair value of investment properties		1,844,814	1,554,539
Change in fair value of other derivative financial instruments		96,828	(63,193)
Selling and marketing expenses		(2,413,109)	(2,157,542)
Administrative expenses		(2,875,819)	(4,092,586)
Finance costs	6	(77,046)	(83,553)
Share of results of associates		269,730	270,674
Share of results of joint ventures		1,116,887	142,678
Profit before taxation		12,374,676	15,927,325
Income tax expense	7	(3,079,274)	(5,044,028)
Profit for the period	8	9,295,402	10,883,297

	Six months ended June 30,	
	2023	2022
<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit attributable to:		
Owners of the Company	8,057,952	7,480,032
Non-controlling interests	1,237,450	3,403,265
	<u>9,295,402</u>	<u>10,883,297</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 ”)	262,852	308,478
Items that may be reclassified subsequently to profit or loss:		
Net fair value gains on hedging instruments	1,403,543	149,093
Loss on hedging instruments reclassified to profit or loss	(1,389,693)	(1,405,916)
	13,850	(1,256,823)
Total other comprehensive income (expense)	276,702	(948,345)
Total comprehensive income for the period	9,572,104	9,934,952
Total comprehensive income attributable to:		
Owners of the Company	8,334,654	6,531,687
Non-controlling interests	1,237,450	3,403,265
	9,572,104	9,934,952
Earnings per share, in RMB cents		
Basic	<i>10</i>	131.6
Diluted	<i>10</i>	130.8

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2023**

	At June 30, 2023	At December 31, 2022
<i>NOTES</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
NON-CURRENT ASSETS		
Investment properties	192,558,604	187,671,060
Property, plant and equipment	2,615,384	2,770,400
Right-of-use assets	1,068,084	1,349,672
Goodwill	3,834,757	3,834,757
Intangible assets	2,110,711	2,196,421
Interests in associates	14,616,854	15,904,823
Interests in joint ventures	15,776,637	13,281,430
Equity instruments designated at FVTOCI	8,321,733	8,108,525
Derivative financial instruments	347,912	201,834
Deferred taxation assets	10,671,209	11,217,441
	<u>251,921,885</u>	<u>246,536,363</u>
CURRENT ASSETS		
Inventories of properties	314,498,555	325,035,092
Other inventories	394,819	434,123
Deposits paid for acquisition of properties held for development	4,942,832	5,851,083
Accounts and other receivables, deposits and prepayments	11 33,653,182	29,819,796
Contract cost	1,694,156	1,270,657
Amounts due from non-controlling interests	61,081,125	70,056,337
Amounts due from associates	4,656,737	6,969,133
Amounts due from joint ventures	15,124,137	15,597,233
Taxation recoverable	13,554,617	12,380,706
Financial assets at fair value through profit or loss (“FVTPL”)	2,000	34,933
Derivative financial instruments	632,831	164,665
Pledged bank deposits	1,134,787	528,886
Bank balances and cash	71,293,912	72,095,409
	<u>522,663,690</u>	<u>540,238,053</u>

		At June 30, 2023 RMB'000 (unaudited)	At December 31, 2022 RMB'000 (audited)
CURRENT LIABILITIES			
Accounts and bills payables, other payables and accrued charges	12	69,102,998	93,447,704
Contract liabilities		156,069,887	125,176,251
Amounts due to non-controlling interests		29,780,909	42,652,900
Amounts due to associates		8,873,971	11,655,376
Amounts due to joint ventures		7,861,239	6,897,980
Taxation payable		29,450,167	33,611,306
Financial liabilities at FVTPL		51,905	51,905
Lease liabilities – due within one year		1,516,759	1,460,684
Bank and other borrowings – due within one year		37,037,466	20,657,172
Derivative financial instruments		1,546	114,562
Other derivative financial instrument		74,732	149,494
		<u>339,821,579</u>	<u>335,875,334</u>
NET CURRENT ASSETS		<u>182,842,111</u>	<u>204,362,719</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>434,763,996</u>	<u>450,899,082</u>
CAPITAL AND RESERVES			
Share capital		551,773	546,290
Reserves		146,213,243	141,554,069
Equity attributable to owners of the Company		146,765,016	142,100,359
Non-controlling interests		88,610,195	91,078,731
TOTAL EQUITY		<u>235,375,211</u>	<u>233,179,090</u>
NON-CURRENT LIABILITIES			
Deferred consideration payable		7,160	454,913
Financial liabilities at FVTPL		56,983	60,223
Lease liabilities – due after one year		13,180,604	13,402,662
Bank and other borrowings – due after one year		157,263,283	174,145,759
Senior notes – due after one year		12,793,829	13,205,169
Derivative financial instruments		401,158	1,077,442
Other derivative financial instruments		536,953	561,762
Deferred taxation liabilities		15,148,815	14,812,062
		<u>199,388,785</u>	<u>217,719,992</u>
		<u>434,763,996</u>	<u>450,899,082</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2023

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, 2023 are the same as those presented in the Group’s annual consolidated financial statements for the year ended December 31, 2022.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following new and 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, 2023 for the preparation of the Group’s condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

The application of the new and 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. The Group's activities in this regard are carried out in the PRC.
- Investment property operation: 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.
- 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 base 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 segment 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.

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,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue		
Segment revenue	64,666,598	97,100,976
Elimination of inter-segment revenue	(2,622,183)	<u>(2,296,395)</u>
Consolidated revenue	<u>62,044,415</u>	<u>94,804,581</u>
Profit		
Segment profit	11,084,545	17,544,779
Other income	806,423	886,808
Other gains and losses	86,701	(256,061)
Fair value gains upon transfer to investment properties	21,613	23,240
Change in fair value of investment properties	1,844,814	1,554,539
Change in fair value of other derivative financial instruments	96,828	(63,193)
Finance costs	(77,046)	(83,553)
Share of results of associates	269,730	270,674
Share of results of joint ventures	1,116,887	142,678
Depreciation and amortisation	(249,565)	(330,440)
Unallocated expenses	(2,626,254)	<u>(3,762,146)</u>
Consolidated profit before taxation	<u>12,374,676</u>	<u>15,927,325</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,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of properties		
– recognised at a point in time	46,009,191	81,948,282
– recognised over time	3,860,197	1,819,113
Property development segment	49,869,388	83,767,395
Revenue from services and others		
– recognised at a point in time	1,021,429	869,740
– recognised over time	4,821,290	4,304,888
Services and others	5,842,719	5,174,628
Revenue from contract with customers	55,712,107	88,942,023
Rental income	6,332,308	5,862,558
Total revenue	62,044,415	94,804,581

(d) **Segment assets**

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

	At	At
	June 30,	December 31,
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(audited)
Property development	339,139,718	345,425,697
Investment property operation (<i>Note</i>)	155,583,032	153,974,793
Services and others	13,491,814	12,525,810
Total segment assets	508,214,564	511,926,300

Note: The above amount of segment assets relating to investment property operation 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, 2023 RMB'000 (unaudited)	At December 31, 2022 RMB'000 (audited)
Property development	187,284,530	172,774,171
Investment property operation	22,186,667	27,858,724
Services and others	3,429,288	4,655,455
Total segment liabilities	<u>212,900,485</u>	<u>205,288,350</u>

4. OTHER INCOME

	Six months ended June 30, 2023 RMB'000 (unaudited)	2022 RMB'000 (unaudited)
Interest income	472,609	519,486
Government subsidies (<i>Note a</i>)	68,818	83,669
Penalty income (<i>Note b</i>)	46,241	54,808
Consultancy income (<i>Note c</i>)	187,928	110,112
Sundry income	30,827	118,733
Total	<u>806,423</u>	<u>886,808</u>

Notes:

- (a) The amount represents the grants received from the relevant PRC local government to encourage the investments in specific regions. 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,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Loss on disposal and written off of property, plant and equipment	(27,719)	(98,383)
Net exchange losses (<i>Note</i>)	(1,397,856)	(1,600,104)
Reclassification of fair value gains of hedging instruments from hedging reserve	1,389,693	1,405,916
Loss on disposal of subsidiaries	(140,410)	–
Gain on repurchase of senior notes	268,483	39,460
Others	(5,490)	(2,950)
	<u>86,701</u>	<u>(256,061)</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,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on bank and other borrowings	(4,359,974)	(3,829,794)
Interest expense on senior notes	(276,184)	(368,709)
	<u>(4,636,158)</u>	<u>(4,198,503)</u>
Less: Amount capitalised to properties under development for sales and investment properties under development	4,559,112	4,114,950
	<u>(77,046)</u>	<u>(83,553)</u>

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 4.26% (six months ended June 30, 2022: 3.99%) per annum for the six months ended June 30, 2023 to expenditure on the qualifying assets.

7. INCOME TAX EXPENSE

	Six months ended June 30,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Current tax		
PRC Enterprise Income Tax (“EIT”)	(1,662,324)	(3,370,251)
Hong Kong Profits Tax	(14,076)	–
Withholding tax on distributed earnings	–	(254,524)
Land Appreciation Tax (“LAT”)	(1,044,617)	(2,323,859)
	(2,721,017)	(5,948,634)
Overprovision in prior periods		
EIT	–	206,764
LAT (<i>Note</i>)	837,579	1,255,344
	(1,883,438)	(4,486,526)
Deferred taxation		
Current period	(1,195,836)	(557,502)
	(3,079,274)	(5,044,028)

Note: The actual appreciation amount of certain property projects had been finalised in the current period 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.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. 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 for the six months ended June 30, 2022.

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,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	111,538	159,997
Depreciation of right-of-use assets	35,257	64,133
Amortisation of intangible assets	102,770	106,310

9. DIVIDENDS

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
Final dividend recognised in respect of 2022 of RMB0.80 (six months ended June 30, 2022: Final dividend recognised in respect of 2021 of RMB1.23) per share	5,073,364	7,475,617

In respect of the interim dividend for the period ended June 30, 2022, RMB627,608,000 has been paid in cash and the remaining portion has been settled by way of 60,162,718 new fully paid shares of the Company on January 20, 2023.

In respect of the final dividend for the year ended December 31, 2022, RMB1,134,614,000 will be paid in cash and the remaining portion will be settled by way of 250,050,403 new fully paid shares of the Company on August 21, 2023.

Subsequent to the end of the reporting period, the Board declared the payment of an interim dividend of RMB2,029,345,000, representing RMB0.32 per share, based on the number of shares in issue as at June 30, 2023, in respect of the six months ended June 30, 2023 (six months ended June 30, 2022: RMB2,005,753,000, representing RMB0.33 per share).

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,	
	2023	2022
	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>8,057,952</u>	<u>7,480,032</u>
	2023	2022
	'000	'000
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	6,125,322	5,901,045
Effect of dilutive potential ordinary shares in respect of – Share options and share awards	<u>35,820</u>	<u>69,261</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	<u>6,161,142</u>	<u>5,970,306</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.

During the period ended June 30, 2023, the share award granted on April 1, 2020, April 1, 2021 and July 1, 2021 are not included in the calculation of diluted earnings per share as the exercise price was greater than the average market price of the Company's shares during the outstanding period in 2023.

11. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Trade receivables are mainly arisen from sales of properties, investment property operation and rendering of services. Considerations in respect of sales of properties are paid by customers in accordance with the terms of the related sales and purchase agreements. For investment property operation, rental income are paid by tenants within two months from invoice date in accordance with the terms in the tenancy agreements. Service income is received in accordance with the terms of the relevant service agreements.

	At June 30, 2023 <i>RMB'000</i> (unaudited)	At December 31, 2022 <i>RMB'000</i> (audited)
Trade receivables (<i>Note a</i>)		
– Contract with customers	6,055,000	5,165,101
– Rental	124,620	281,677
	6,179,620	5,446,778
Other receivables, net of allowance for doubtful debts (<i>Note b</i>)	7,342,896	6,767,801
Advances to contractors	3,597,398	3,310,976
Prepaid value added tax and other taxes	16,528,168	14,289,139
Prepayments and utilities deposits	5,100	5,102
	33,653,182	29,819,796

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, 2023 <i>RMB'000</i> (unaudited)	At December 31, 2022 <i>RMB'000</i> (audited)
Within 60 days	4,650,229	4,143,512
61 – 180 days	974,803	826,654
181 – 365 days	347,841	304,111
1 – 2 years	166,148	137,254
2 – 3 years	29,788	27,732
Over 3 years	10,811	7,515
	6,179,620	5,446,778

- (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.

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

	At June 30, 2023 RMB'000 (unaudited)	At December 31, 2022 RMB'000 (audited)
Trade payables and accrued expenditure on construction (<i>Note a</i>)	41,292,491	64,096,184
Bills payables (<i>Note a</i>)	157,830	332,399
	41,450,321	64,428,583
Dividend payables	5,073,364	2,072,632
Other payables and accrued charges (<i>Note b</i>)	13,389,909	16,149,318
Value added tax payables	8,625,778	10,544,042
Consideration payable within one year for acquisition of assets and liabilities through acquisition of subsidiaries	–	132,682
Consideration payable for business combination	570,786	575,360
	69,110,158	93,902,617
Less: consideration payable due after one year shown under non-current liabilities	(7,160)	(454,913)
Amount due within one year shown under current liabilities	69,102,998	93,447,704

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, 2023 <i>RMB'000</i> (unaudited)	At December 31, 2022 <i>RMB'000</i> (audited)
Within 60 days	6,261,625	10,999,413
61 – 180 days	5,917,562	13,357,249
181 – 365 days	6,112,980	15,447,985
1 – 2 years	2,461,694	5,460,044
2 – 3 years	719,093	1,316,826
Over 3 years	464,039	723,234
	<u>21,936,993</u>	<u>47,304,751</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 our shareholders the half-year business review and outlook for the six months ended June 30, 2023 of Longfor Group Holdings Limited (hereafter the “**Company**”, and together with its subsidiaries, collectively the “**Group**”).

In the past six months, China’s economy continued to recover amidst transformation and upgrading. Some reversals and zigzags along the way didn’t weaken its internal growth potential and resilience, as well as the long-term positive trend in fundamentals. By sticking firmly to our main businesses and pooling collective minds and efforts, Longfor Group was proud to announce our half-year performance: we delivered nearly 62,000 quality residential units in 37 cities across China, with customer satisfaction above 90%; core attributable profit stood at RMB6.59 billion, and dividends to be distributed reached RMB0.32 per share, fulfilling our commitment of returns to shareholders. Powered by robust and prudent asset and liability management, our three major business segments of property development, operation and service, covering five business divisions, were clearly laid out while keeping focused on synergy and steady growth.

The national new home sales market had been gradually picking up amidst ups and downs since the beginning of the year. The real estate industry has moved away from a highly leveraged growth model and embarked on a new phase of stable development, which was bolstered by the consistent and precise implementation of supportive policies. Our development business has also shifted focus from scale to precise investments and demand-oriented quality improvements. We have flexibly maintained a balance between sales volume and price, construction progress, and sales pace in a fluctuating market, ensuring stable cash returns for the Group.

Our operation business achieved rental income of more than RMB6.0 billion in the first half of the year, and continued to improve quality and efficiency. Based on the firm investment in the past, Longfor has successfully built a rich portfolio of commercial property projects in higher-tier cities, and strategically expanded our grid layout in these cities through a balanced approach of asset-heavy and asset-light models. Our commercial division has started generating positive cash flow in the first half of the year. Rental housing business continues to improve operational efficiency and maintain healthy profit growth.

Our service business strived to provide comprehensive, intelligent and quality products and services through upgrades of systems and application of smart technologies in various spaces under management. Rooted in residential properties, Longfor Intelligent Living has now expanded its service scope to property services and operation management across a wide array of property types such as commercial properties, office buildings, industrial parks and public facilities, with a GFA under management of over 350 million sqm. By employing diverse, meticulous, and efficient operations, we have been able to secure a loyal customer

base, achieve asset appreciation, and contribute to overall profitability. Longfor Smart Construction encompasses flywheels of the five major businesses, which, by implementing the comprehensive Longfor-approach project development and operation model in third-party projects, seamlessly integrate and permeate into urban services, enhancing and strengthening Longfor's asset-light service business.

Conservative, prudent, and highly disciplined financial management is crucial for us to maintain strategic advantages. We introduced the debt-cutting management strategy three years ago, and are consistently reducing our overall debt size while continuously optimizing the debt structure at the current stage. We have been pushing down the proportion of foreign debt and arranged a significant portion (97%) of swaps in advance to fully hedge against foreign exchange fluctuations. The Group has always placed security as its top priority in all aspects of development. We address the uncertainties of the business cycle with strategic determination and a mindset that prepares for the worst.

In response to the new situation of the materially changing supply and demand relationship in China's real estate market, Longfor will accelerate the construction of high-quality development model: focusing on the three main business segments of development, operation and service, giving play to the synergies of "1+2+2"^{Note 1} divisions, so that the profit structure of the Group will be gradually optimized, and the profit of operation and service businesses accounting for the overall profitability will increase to more than half. At the same time, we will steadily reduce the scale of the Group's interest-bearing liabilities, rely on the improvement of the operational capacity of each division, achieve endogenous growth resulting from positive operating cash flow, and continue to optimize and improve asset quality, making the future development of the Group more stable and sustainable.

Longfor, at its thirties' anniversary, stands firm with unwavering determination. What has never changed throughout the journey is our core value of "For You", and the foundational principles of "Customer First" and "Keeping Promises". We have full confidence that Longfor, having weathered through challenges, possesses the ability to withstand risks in the short term, the impetus to maintain high-quality growth in the medium term, and the internal fortitude to sustainably develop and navigate through various cycles in the long term.

Last but not least, on behalf of the Board of Directors, I would like to extend my heartfelt thanks to our shareholders, customers and all sectors of society for your full support!

Longfor Group Holdings Limited
Chen Xuping
Chairman

Note 1: 1+2+2 represents five major divisions of the Group, namely Property Development + Commercial Investment and Rental Housing + Property Management and Smart Construction

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

From January to June 2023, revenue from property development business of the Group was RMB49.87 billion. The Group delivered 3.832 million square meters of property in total gross floor area (GFA) terms. The gross profit margin of overall property development business was 14.3%. Recognized average selling price was RMB13,014 per square meter from January to June 2023.

Table 1: Breakdown of property development revenue of the Group from January to June 2023

City	Revenue*		Total GFA	
	January to June 2023 RMB million	January to June 2022 RMB million	January to June 2023 '000 Sqm	January to June 2022 '000 Sqm
Hangzhou	5,263	14,260	195	548
Chongqing	4,854	9,649	395	827
Hefei	3,448	2,681	223	221
Shijiazhuang	3,268	879	215	89
Shenyang	2,560	2,284	228	216
Chengdu	2,509	4,554	212	351
Wuhan	2,488	880	251	97
Qingdao	2,432	3,588	324	391
Lanzhou	1,832	–	180	–
Tianjin	1,800	559	160	51
Beijing	1,603	690	44	21
Wuxi	1,431	181	97	17
Nanjing	1,409	2,069	51	121
Fuzhou	1,272	1,422	91	76
Guangzhou	1,080	2,014	43	85
Xi'an	1,000	111	64	11
Kunming	1,049	2,819	73	167
Shanghai	819	3,187	52	102
Xianyang	762	81	80	8
Suzhou	753	3,312	45	162
Ji'nan	733	5,338	69	433
Hong Kong	715	–	3	–
Shaoxing	645	87	27	6
Changchun	618	102	76	7
Huizhou	599	1,443	57	162

City	Revenue*		Total GFA	
	January to June 2023 RMB million	January to June 2022 RMB million	January to June 2023 '000 Sqm	January to June 2022 '000 Sqm
Zhengzhou	565	91	38	33
Yantai	472	452	71	58
Sanya	430	509	20	25
Changsha	416	1,807	76	182
Ningbo	359	99	19	14
Quanzhou	305	39	37	3
Foshan	288	55	25	3
Guiyang	274	2,292	25	205
Zhuhai	192	63	23	4
Weihai	188	548	20	49
Xiamen	160	130	11	9
Ganzhou	157	10	55	4
Dongguan	155	689	24	32
Jinzhong	122	–	14	–
Wenzhou	110	5,035	6	225
Shenzhen	104	23	2	0
Nanning	44	3,023	3	315
Others	586	6,712	108	653
Total	49,869	83,767	3,832	5,983

* Amount excluding tax

From January to June 2023, the Group achieved contracted sales of RMB98.52 billion. The Group sold 5.799 million square meters in total GFA. Average selling price of GFA sold was RMB16,987 per square meter. Contracted sales from Yangtze River Delta, western China, Pan Bohai Rim, southern China and central China were RMB29.06 billion, RMB25.99 billion, RMB22.41 billion, RMB12.11 billion and RMB8.95 billion respectively, accounting for 29.5%, 26.4%, 22.7%, 12.3% and 9.1% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group from January to June 2023

City	Contracted sales*		Total GFA	
	January to June 2023 RMB million	January to June 2022 RMB million	January to June 2023 '000 Sqm	January to June 2022 '000 Sqm
Chengdu	11,721	5,146	535	319
Hefei	7,619	7,168	386	412
Beijing	6,936	4,059	173	118
Xi'an	6,353	3,236	340	174
Suzhou	5,319	3,266	204	140
Tianjin	4,327	2,005	211	121
Wuhan	3,853	3,474	284	214
Chongqing	3,535	5,168	354	446
Nanjing	3,521	4,145	138	152
Changsha	3,370	2,212	256	185
Quanzhou	2,876	930	189	72
Shanghai	2,858	178	60	12
Ji'nan	2,718	4,720	184	309
Hong Kong	1,947	836	7	3
Ningbo	1,812	1,700	100	82
Shijiazhuang	1,789	888	117	53
Changchun	1,777	1,027	177	91
Shenyang	1,741	2,833	156	206
Qingdao	1,673	2,257	195	224
Hangzhou	1,562	6,162	92	221
Kunming	1,417	1,688	99	127
Wuxi	1,384	1,177	89	71
Guangzhou	1,235	2,511	51	76
Zhengzhou	1,171	198	109	21
Huizhou	1,155	827	83	46
Guiyang	1,115	500	99	53
Fuzhou	1,068	2,027	77	104
Shaoxing	982	599	58	27
Taizhou	940	1,212	64	73
Xianyang	930	804	88	82
Lanzhou	895	655	92	59
Wenzhou	821	1,991	47	106
Changzhou	793	625	66	34
Haikou	591	542	31	26
Dongguan	568	614	30	43

City	Contracted sales*		Total GFA	
	January to June 2023 RMB million	January to June 2022 RMB million	January to June 2023 '000 Sqm	January to June 2022 '000 Sqm
Yantai	433	357	65	47
Zhuhai	421	181	29	9
Foshan	414	331	28	22
Jinhua	410	133	16	6
Zhanjiang	407	181	41	17
Putian	346	1,145	21	67
Nanchang	337	528	34	47
Tangshan	315	166	37	24
Xuzhou	307	–	23	–
Huzhou	292	409	20	22
Jiangmen	290	202	43	29
Nantong	280	362	19	23
Taiyuan	266	315	30	33
Sanya	252	155	10	7
Xiamen	241	409	15	15
Zhongshan	209	113	16	8
Weihai	191	458	21	43
Ganzhou	187	290	20	30
Jinzhong	165	115	19	13
Yancheng	112	133	6	6
Others	269	2,450	45	215
Total	98,516	85,813	5,799	5,185

* Amount including tax

As at June 30, 2023, the Group had sold but unrecognized contracted sales of RMB246.5 billion (with an area of approximately 15.70 million square meters), which formed a solid basis for the Group's sustainable and stable growth in the core net profit in the future.

INVESTMENT PROPERTY OPERATION

The Group maintains a prudent property investment strategy. Currently, the Investment Property Operation 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 2023, the rental income, net of tax, of the Group’s Investment Property Operation was RMB6.33 billion#. Shopping malls, rental housing and others accounted for 77.0%#, 19.4% and 3.6% of the total rental income respectively. As of June 30, 2023, the Group has shopping malls of 7.62 million square meters in total GFA (9.80 million square meters in total GFA with parking spaces included) which have commenced operation with an occupancy rate of 95.4%. 119,000 apartments of Goyoo have commenced operation with the occupancy rate of 93.7%, 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 95.9%.

Excluded Beijing Chang’an Paradise Walk etc.

Table 3: Breakdown of rental income of the Group’s shopping malls from January to June 2023 ##

	January to June 2023				January to June 2022		
	GFA	Rental	% of	Occupancy	Rental	% of	Occupancy
	Sqm	Income*	Rental	rate	Income*	Rental	rate
		RMB’000			RMB’000		
Chongqing North Paradise Walk	120,778	257,658	5.1%	97.4%	272,233	5.8%	99.0%
Chongqing West Paradise Walk	76,031	52,186	1.0%	94.5%	73,088	1.6%	96.1%
Chongqing Time Paradise Walk Phase I	160,168	183,999	3.7%	93.4%	206,538	4.4%	97.4%
Chongqing Time Paradise Walk Phase II	154,460	133,264	2.7%	94.2%	146,465	3.1%	96.4%
Chongqing Time Paradise Walk Phase III	73,774	35,302	0.7%	86.4%	57,858	1.2%	91.8%
Chengdu Three Thousand Paradise Walk	38,043	6,533	0.1%	48.1%	15,245	0.3%	85.6%
Chengdu North Paradise Walk	215,536	69,456	1.4%	90.3%	89,449	1.9%	86.7%
Chengdu Time Paradise Walk Phase I	61,989	25,407	0.5%	97.1%	28,088	0.6%	95.5%
Beijing Changying Paradise Walk	221,286	276,567	5.5%	98.8%	278,172	6.0%	97.8%
Hangzhou Jinsha Paradise Walk	151,135	148,663	3.0%	97.8%	154,940	3.3%	96.3%
Chengdu Jinnan Paradise Walk	91,638	64,897	1.3%	97.3%	71,421	1.5%	98.2%
Beijing Daxing Paradise Walk	144,565	125,390	2.5%	97.6%	134,265	2.9%	98.9%
Shanghai Hongqiao Paradise Walk	170,450	77,280	1.5%	91.0%	77,456	1.7%	96.3%

	January to June 2023				January to June 2022			
	GFA <i>Sqm</i>	Rental	% of	Occupancy	Rental	% of	Occupancy	
		Income* <i>RMB'000</i>	Rental	rate	Income* <i>RMB'000</i>	Rental	rate	
Chongqing U-City Paradise Walk Phase I	15,516	7,957	0.2%	91.9%	9,677	0.2%	88.3%	
Chongqing U-City Paradise Walk Phase II	96,411	69,119	1.4%	97.4%	78,797	1.7%	98.7%	
Chongqing Hometown Paradise Walk	93,152	65,501	1.3%	97.6%	76,081	1.6%	97.6%	
Hangzhou Binjiang Paradise Walk Phase I	158,067	174,048	3.5%	99.6%	170,936	3.7%	98.4%	
Suzhou Shishan Paradise Walk	197,466	178,134	3.6%	99.0%	165,640	3.6%	99.2%	
Shanghai Baoshan Paradise Walk	98,339	110,990	2.2%	97.6%	115,062	2.5%	97.8%	
Changzhou Longcheng Paradise Walk	119,328	62,046	1.2%	98.0%	58,336	1.3%	95.4%	
Beijing Fangshan Paradise Walk	103,688	103,904	2.1%	98.3%	105,536	2.3%	98.9%	
Chengdu Xichen Paradise Walk	152,639	84,502	1.7%	96.5%	86,695	1.9%	94.6%	
Chengdu Binjiang Paradise Walk	140,000	81,037	1.6%	97.1%	80,294	1.7%	99.0%	
Hangzhou Binjiang Paradise Walk Phase II	22,627	19,419	0.4%	95.6%	17,289	0.4%	98.1%	
Hangzhou Xixi Paradise Walk	130,063	123,052	2.5%	98.7%	128,127	2.8%	97.1%	
Hangzhou Zijing Paradise Walk	83,000	63,200	1.3%	96.9%	69,070	1.5%	96.1%	
Shanghai Huajing Paradise Walk	42,253	31,163	0.6%	93.2%	32,210	0.7%	97.1%	
Shanghai Minhang Paradise Walk	94,859	90,007	1.8%	98.5%	82,806	1.8%	99.4%	
Hefei Yaohai Paradise Walk	98,320	39,186	0.8%	97.7%	36,080	0.8%	90.4%	
Nanjing Liuhe Paradise Walk	108,000	30,292	0.6%	93.9%	34,433	0.7%	85.2%	
Beijing Chang'an Paradise Walk	52,563	53,690	1.1%	99.2%	57,196	1.2%	100.0%	
Nanjing Longwan Paradise Walk	120,367	76,222	1.5%	96.9%	85,288	1.8%	91.1%	
Nanjing Jiangbei Paradise Walk	146,286	73,522	1.5%	95.1%	80,672	1.7%	88.9%	
Xi'an Xiangti Paradise Walk	78,962	41,695	0.8%	98.3%	38,655	0.8%	98.7%	
Chongqing Jinsha Paradise Walk	204,113	135,295	2.7%	89.6%	174,361	3.7%	95.1%	
Chengdu Shangcheng Paradise Walk	114,227	55,800	1.1%	93.0%	69,640	1.5%	91.6%	
Chengdu Time Paradise Walk Phase II	63,183	29,312	0.6%	93.8%	31,133	0.7%	97.2%	
Suzhou Star Lake Paradise Walk	112,537	56,729	1.1%	95.1%	59,941	1.3%	96.3%	
Chongqing Lijia Paradise Walk	110,508	64,352	1.3%	94.2%	74,657	1.6%	97.0%	
Ji'nan Olympic Sports Center Paradise Walk	77,571	46,069	0.9%	97.3%	45,220	1.0%	94.6%	
Beijing Lize Paradise Walk	92,014	79,073	1.6%	99.4%	76,943	1.7%	100.0%	
Suzhou Shishan Paradise Walk Block B	12,259	9,452	0.2%	99.4%	9,546	0.2%	94.9%	
Changsha Yanghu Paradise Walk	101,629	34,072	0.7%	88.7%	49,263	1.1%	91.2%	
Wuhan Imperial Paradise Walk	138,583	105,016	2.1%	98.0%	119,853	2.6%	98.4%	
Chengdu Jinchen Paradise Walk	83,000	43,654	0.9%	98.9%	46,390	1.0%	97.2%	
Nanjing Hexi Paradise Walk	112,123	62,224	1.2%	94.6%	80,876	1.7%	91.4%	
Beijing Xiyue Paradise Walk	105,311	80,031	1.6%	98.0%	86,551	1.9%	98.7%	
Hangzhou Jiangdong Paradise Walk	107,125	43,842	0.9%	95.4%	50,313	1.1%	96.4%	
Suzhou Dongwu Paradise Walk	114,200	82,923	1.7%	99.2%	81,713	1.7%	98.8%	
Hangzhou Dingqiao Paradise Walk	125,186	85,934	1.7%	92.6%	96,211	2.0%	95.9%	
Chongqing Gongyuan Paradise Walk	138,034	47,238	0.9%	83.8%	68,524	1.5%	93.5%	
Qingdao Jiaozhou Paradise Walk	86,935	30,164	0.6%	96.6%	10,107	0.2%	96.1%	

	January to June 2023				January to June 2022		
		Rental	% of	Occupancy	Rental	% of	Occupancy
	GFA Sqm	Income* RMB'000	Rental	rate	Income* RMB'000	Rental	rate
Hangzhou Wujiao Paradise Walk	53,884	20,464	0.4%	92.2%	14,225	0.3%	94.4%
Chongqing Time Paradise Walk Phase IV	77,188	34,645	0.7%	89.5%	–	–	–
Chongqing High-Tech Paradise Walk	125,158	59,516	1.2%	96.6%	–	–	–
Chengdu Shuxin Paradise Walk	114,721	50,207	1.0%	98.0%	–	–	–
Beijing Yizhuang Paradise Walk	107,101	105,236	2.1%	99.0%	–	–	–
Shenyang Hunnan Paradise Walk	86,812	27,250	0.5%	88.4%	–	–	–
Shanghai Fengxian Paradise Walk	104,163	94,039	1.9%	99.3%	–	–	–
Shanghai Jinhui Paradise Walk	72,919	43,590	0.9%	98.7%	–	–	–
Ningbo Yinzhou Paradise Walk	110,899	62,357	1.2%	96.6%	–	–	–
Wuhan Baisha Paradise Walk Phase II	35,822	14,356	0.3%	93.6%	–	–	–
Wuhan Baisha Paradise Walk Phase I	105,577	60,947	1.2%	100.0%	–	–	–
Nanchang Qingshanhu Paradise Walk	95,463	38,335	0.8%	93.0%	–	–	–
Hangzhou Guofang Paradise Walk	73,896	27,453	0.5%	93.0%	–	–	–
Changsha Furong Paradise Walk	105,372	15,188	0.3%	100.0%	–	–	–
Suzhou Xujiang Paradise Walk	91,437	5,110	0.1%	98.5%	–	–	–
Ningbo Haishu Paradise Walk	92,344	5,131	0.1%	95.2%	–	–	–
Paradise Walk Subtotal	7,183,053	4,790,292	95.6%	95.4%	4,459,565	95.8%	95.6%
Chongqing Crystal Castle	16,161	9,444	0.2%	91.7%	10,655	0.2%	93.1%
Chongqing Chunsen Starry Street	54,618	19,240	0.4%	98.3%	21,501	0.5%	99.4%
Chongqing Fairy Castle	29,413	6,592	0.1%	100.0%	6,207	0.1%	100.0%
Beijing Summer Palace Starry Street	6,320	16,587	0.3%	100.0%	15,842	0.3%	100.0%
Xi'an Daxing Starry Street	44,227	29,661	0.6%	95.1%	29,488	0.6%	93.0%
Xi'an Qujiang Starry Street	63,206	37,160	0.7%	98.1%	35,457	0.8%	91.1%
Shanghai Minhang Starry Street	24,740	10,185	0.2%	97.4%	11,940	0.3%	85.3%
Chengdu Wuhou Starry Street	31,168	20,317	0.4%	99.6%	18,436	0.4%	100.0%
Chongqing Aijia Starry Street	52,500	28,167	0.6%	90.7%	17,580	0.4%	96.9%
Others	81,984	32,163	0.6%	N/A	12,500	0.3%	N/A
Starry Street Subtotal	404,337	209,516	4.2%	95.5%	179,606	3.9%	95.6%
Chongqing MOCO	29,104	12,312	0.2%	87.9%	15,270	0.3%	90.8%
MOCO Subtotal	29,104	12,312	0.2%	87.9%	15,270	0.3%	90.8%
Total rental income of shopping malls	7,616,494	5,012,120	100.0%	95.4%	4,654,441	100.0%	95.6%

From January to June 2023, the total sales of shopping malls were RMB31.0 billion, and the average daily foot traffic was 2.69 million.

* Amount excluding tax

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 Lijia Paradise Walk Block C	2023	20,552
Ji'nan Beichen Paradise Walk	2023	93,112
Wuxi Xishan Paradise Walk	2024 and thereafter	46,684
Xiamen Jimei Paradise Walk	2024 and thereafter	52,945
Chongqing Longxing Core District Paradise Walk	2024 and thereafter	75,652
Changzhou Yuanshan Paradise Walk	2024 and thereafter	81,889
Hangzhou Binkang Paradise Walk	2024 and thereafter	101,331
Chengdu Dong'an Paradise Walk	2024 and thereafter	101,583
Xi'an XingFu Green Belt	2024 and thereafter	105,169
Chongqing Nanping Paradise Walk	2024 and thereafter	111,192
Changsha Kaifu Paradise Walk	2024 and thereafter	111,591
Hefei High-Tech Paradise Walk	2024 and thereafter	121,020
Nanning Qingxiu Paradise Walk	2024 and thereafter	121,483
Nanjing Yushan Paradise Walk	2024 and thereafter	125,885
Changsha Xinyao Paradise Walk	2024 and thereafter	127,940
Tianjin Meijiang Paradise Walk	2024 and thereafter	128,028
Kunming Time Paradise Walk	2024 and thereafter	133,022
Shaoxing Jinghu Paradise Walk	2024 and thereafter	133,560
Hangzhou Yuncheng Paradise Walk	2024 and thereafter	135,046
Suzhou Xiangcheng Paradise Walk	2024 and thereafter	143,200
Wuhan Xinrong Bus Terminal	2024 and thereafter	152,747
Ji'nan West Railway Station Paradise Walk	2024 and thereafter	157,514
Wuchang Binjiang Paradise Walk	2024 and thereafter	170,600
Haikou TOD Paradise Walk	2024 and thereafter	222,032

Due to the rental increase of shopping malls in operation, continuous investments in shopping malls under construction and the development of rental housing “Goyoo”, the valuation gain of investment properties of the Group amounted to RMB1.87 billion from January to June 2023.

SERVICES AND OTHERS

From January to June 2023, the total income, net of tax, generated from services and others of the Group was RMB5.84 billion, representing an increase of 13.0% as compared to the corresponding period last year. The gross profit margin of the services and others was 31.9%, representing an increase of 8.3% as compared to the corresponding period last year. As at June 30, 2023, the area of the Group's properties in operation was 350 million square meters.

COST CONTROL

From January to June 2023, benefiting from the Group's continuous focus on organization and business efficiency improvement and high quality talents, the Group's administrative expenses as a percentage of contracted sales decrease by 1.9% to 2.9% as compared to the corresponding period of last year. In order to enhance the brand influence, the selling expenses as a percentage to contracted sales was 2.5%, which was the same as the corresponding period of last year.

SHARE OF RESULTS OF JOINT VENTURES

From January to June 2023, the contribution of joint ventures was mainly from projects such as the Group's 49.9%-owned Suzhou Oriental Tower Project. The attributable profit after tax of the Group in joint ventures was RMB1.12 billion.

SHARE OF RESULTS OF ASSOCIATES

From January to June 2023, the contribution of associates was mainly from projects such as the Group's 30.0%-owned Beijing Sidaoqiao Project. The attributable profit after tax of the Group in associates was RMB270 million.

INCOME TAX EXPENSE

Income tax expense includes PRC enterprise income tax and land appreciation tax. From January to June 2023, the enterprise income tax expense and land appreciation tax of the Group were RMB2.87 billion and RMB210 million, respectively. The total income tax expenses for the period amounted to RMB3.08 billion.

PROFITABILITY

From January to June 2023, the Group's core net profit margin was 12.6%, while that of the corresponding period of last year was 10.3%; and core net profit margin attributable to shareholders was 10.6%, while that of the corresponding period of last year was 6.9%. It was mainly due to the combined effects of revenue, expenses, share of results of joint ventures and associates and changes in tax expenses.

LAND BANK REPLENISHMENT

As at June 30, 2023, the Group's total land bank was 54.89 million square meters or 38.16 million square meters on an attributable basis. The average unit land cost was RMB5,027 per square meter, accounting for 29.6% 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 31.0%, 25.0%, 19.7%, 14.0% and 10.3% of total land bank, respectively.

From January to June 2023, the Group acquired new land bank with total GFA of 2.57 million square meters or 1.84 million square meters on an attributable basis. Average cost of acquisition on an attributable basis was RMB9,744 per square meter. In terms of regional breakdown, the newly acquired area in western China, Yangtze River Delta, central China, Pan Bohai Rim and southern China accounted for 30.7%, 29.3%, 15.8%, 14.0% and 10.2% 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 60,000 square meters or 30,000 square meters on an attributable basis, which was located in Pan Bohai Rim.

[#] *As of July 31, 2023*

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	7,461,089	13.6%	7,461,089	19.6%
	Ji'nan	1,841,444	3.3%	1,731,221	4.5%
	Qingdao	1,760,226	3.2%	1,138,049	3.0%
	Shenyang	1,568,678	2.9%	936,546	2.4%
	Changchun	1,192,180	2.2%	846,017	2.2%
	Tianjin	1,019,456	1.9%	842,644	2.2%
	Beijing	551,192	1.0%	259,463	0.7%
	Baoding	520,667	0.9%	520,667	1.4%
	Tangshan	321,750	0.6%	160,875	0.4%
	Taiyuan	286,800	0.5%	286,800	0.7%
	Shijiazhuang	270,619	0.5%	194,588	0.5%
	Weihai	100,910	0.2%	70,637	0.2%
	Jinzhong	79,598	0.1%	79,598	0.2%
	Dalian	76,764	0.1%	60,418	0.2%
	Subtotal	17,051,373	31.0%	14,588,612	38.2%
Central China	Wuhan	2,832,026	5.2%	1,370,504	3.6%
	Changsha	2,041,442	3.8%	1,210,517	3.2%
	Ezhou	1,771,863	3.2%	620,152	1.6%
	Zhengzhou	685,559	1.2%	391,558	1.0%
	Ganzhou	228,841	0.4%	139,835	0.4%
	Nanchang	119,077	0.2%	65,403	0.2%
	Subtotal	7,678,808	14.0%	3,797,969	10.0%
Western China	Chongqing	3,660,535	6.7%	2,309,325	6.1%
	Chengdu	2,805,884	5.1%	1,957,754	5.1%
	Guiyang	2,297,043	4.2%	1,337,747	3.5%
	Xi'an	1,927,590	3.5%	1,372,943	3.6%
	Xianyang	1,040,295	1.9%	581,124	1.5%
	Lanzhou	763,535	1.4%	594,799	1.6%
	Kunming	738,783	1.3%	653,913	1.7%
	Yuxi	515,924	0.9%	515,924	1.3%
	Subtotal	13,749,589	25.0%	9,323,529	24.4%

Region	City	Total GFA <i>Sqm</i>	% of Total	Attributable	
				GFA <i>Sqm</i>	% of Total
Yangtze River Delta	Hefei	1,969,574	3.6%	1,487,546	3.9%
	Hangzhou	1,838,120	3.3%	1,079,197	2.8%
	Nanjing	1,394,802	2.5%	1,104,179	2.9%
	Suzhou	1,247,408	2.3%	765,746	2.0%
	Ningbo	652,201	1.2%	339,638	0.9%
	Wuxi	635,629	1.2%	430,385	1.1%
	Shanghai	594,059	1.1%	397,905	1.0%
	Changzhou	567,531	1.0%	344,329	0.9%
	Taizhou	476,334	0.9%	253,389	0.7%
	Wenzhou	467,759	0.9%	244,821	0.6%
	Yancheng	320,887	0.6%	217,312	0.6%
	Nantong	299,007	0.5%	160,237	0.4%
	Shaoxing	198,918	0.4%	99,459	0.3%
	Xuzhou	55,352	0.1%	28,229	0.1%
	Yangzhou	38,813	0.1%	38,813	0.1%
	Subtotal	10,756,394	19.7%	6,991,185	18.3%
Southern China	Haikou	623,886	1.2%	623,886	1.6%
	Xiamen	606,732	1.2%	252,508	0.7%
	Guangzhou	505,525	0.9%	415,627	1.0%
	Fuzhou	498,090	0.9%	336,332	0.9%
	Zhuhai	492,083	0.9%	136,854	0.4%
	Putian	397,008	0.7%	99,212	0.3%
	Quanzhou	365,786	0.7%	201,182	0.5%
	Dongguan	357,489	0.6%	302,722	0.8%
	Huizhou	311,546	0.6%	222,628	0.6%
	Zhanjiang	295,879	0.5%	150,898	0.4%
	Nanning	233,844	0.4%	114,583	0.3%
	Zhaoqing	186,346	0.3%	130,442	0.3%
	Foshan	181,141	0.3%	144,913	0.4%
	Shenzhen	170,264	0.3%	122,104	0.3%
	Zhongshan	145,992	0.3%	58,397	0.2%
	Jiangmen	141,950	0.3%	70,975	0.2%
	Qingyuan	135,359	0.2%	69,033	0.2%
Sanya	6,391	0.0%	6,391	0.0%	
	Subtotal	5,655,311	10.3%	3,458,687	9.1%
	Total	54,891,475	100.0%	38,159,982	100.0%

Table 6: Land acquisitions from January to June 2023

Region	Project Name	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Pan Bohai Rim	West Railway Station Tian Yue North Plot	Ji'nan	100%	306,600	306,600
	Hedong Dongsuntai Plot	Tianjin	50%	54,061	27,030
	Subtotal			360,661	333,630
Central China	WUT North Plot	Wuhan	100%	147,042	147,042
	Datang Liangan Plot	Changsha	51%	74,866	38,181
	Xinlian Road Liangan Plot	Changsha	70%	183,498	128,449
	Subtotal			405,406	313,672
Western China	Tianfu 44 Mu Plot	Chengdu	50%	74,350	37,175
	Pidu 75 Mu Plot	Chengdu	60%	159,807	95,884
	CaoBei Plot	Xi'an	60%	332,220	199,332
	HIDZ GX3-18-46 Plot	Xi'an	50%	143,458	71,729
	Yubei N18 Plot	Chongqing	50%	82,208	41,104
	Subtotal			792,043	445,224
Yangtze River Delta	Baohe Shanghai Road Plot	Hefei	50%	40,606	20,303
	Feixi Zipeng Road Plot	Hefei	100%	152,070	152,070
	Jiading District Jiangqiaozen Plot	Shanghai	87%	152,891	133,015
	Dongwu Paradise Walk North Plot	Suzhou	70%	43,621	30,535
	Shihu West Road Plot	Suzhou	70%	243,355	170,349
	Xiaoshan Xiang Lake Plot	Hangzhou	66%	60,712	40,070
	Yinzhou A5-1 Plot	Ningbo	50%	59,834	29,917
	Subtotal			753,089	576,259
Southern China	Yingbin Road Plot	Gaungzhou	70%	127,194	89,036
	Longgang Street Plot	Shenzhen	85%	41,148	34,976
	Matian Street Plot	Shenzhen	55%	93,306	51,318
	Subtotal			261,648	175,330
Total			2,572,847	1,844,115	

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 %	Total GFA Sqm	Attributable GFA Sqm
Pan Bohai Rim	Shunyi Xingfu West Street Plot	Beijing	50%	59,900	29,950

[#] *As of July 31, 2023*

FINANCIAL POSITION

As at June 30, 2023, the Group's consolidated borrowings amounted to RMB207.09 billion. Cash in hand was RMB72.43 billion*. Net debt to equity ratio (net debt divided by total equity) was 57.2%. Liabilities to asset ratio (ex. Pre-sale Deposits)** was 61.9%. The credit rating of the Group was BBB- by Standard & Poor, Baa2 by Moody's, BBB by Fitch, and AAA by CCXR***, Shanghai Brilliance.

* *Of them, regulated pre-sale funds amounted to RMB24.23 billion*

** *Liabilities to asset ratio (ex. Pre-sale Deposits) = (total liabilities – Pre-sale Deposits)/(total assets – Pre-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 78.4% of the Group's total borrowings were denominated in RMB, while 21.6% 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 RMB67.84 billion of the Group's consolidated borrowings were with fixed interest rates ranging from 3.0% to 4.8% per annum, depending on the term of the loans, and the other loans were quoted at floating rates. As of June 30, 2023, the fixed interest debt as a percentage of total debt was 33% (December 31, 2022: 33%).

The Group's average cost of borrowing was 4.26% per annum. The average maturity period of loan was 7.19 years. The unsecured debt as a percentage of total debt was 67.6%. The debt due within one year was RMB37.04 billion, accounting for 17.9% of total debt. Cash to short-term debt ratio was 1.96X, excluding regulated pre-sale funds and restricted capital, cash to short-term debt ratio was 1.27X.

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 distribution of cash bonus is assessed and determined based on a combination of factors, such as the Group's actual performance against its targets and the scores gained on the balanced scorecard of its subsidiaries.

REVIEW AND OUTLOOK

In the first half of this year, national new home sales reached RMB6.3 trillion, marking a 1.1% year-on-year increase. The real estate industry remained the key pillar of the national economy, and regulatory policies in various locations came thick and fast to stimulate demand, stabilize market expectations, and facilitate financing, thus fostering a virtuous cycle and ensuring the healthy development of the real estate industry.

Adhering to the “Space as a Service” strategy, the Group has maturely developed three major business segments, i.e. development, operation and service, to achieve synergistic growth of multiple businesses covering property development, commercial investment, rental housing, property management and smart construction, expanding the extensive strategy to tier-1 and tier-2 high quality cities nationwide. By targeting customers’ needs, the Group proactively observes and seizes market opportunities, through which the Group constantly iterates and upgrades structural system in the form of reformations while solidifying its core businesses, improving the professional capabilities of the entire chain and bolster operational efficiency.

In terms of commercial investment, 5 new shopping malls were launched as scheduled in the first half of the year, of which 2 were asset-light. The Group continues to pursue the models of both asset-light and asset-heavy to further deepen grid style management in commercial properties in key cities. Leveraging the recovering consumer market and our continuous efforts in refining space design, brand attraction, marketing, and promotion, we steadily increased the occupancy rate. This resulted in a year-on-year rise of over 20% in same-store sales and customer traffic, while rental income grew by 8% to RMB5.01 billion.

Backed by favorable industry policies and sophisticated operational capabilities, the Group’s rental housing brand “Goyoo” has secured stable growth, with more than 119,000 rooms in operation. While expanding its scale, the Group has unceasingly improved its products and services and enhanced the living experience, resulting in 95.9% of occupancy rate of the rooms in operation for over 6 months. The rental income rose by 4% year-on-year to RMB1.23 billion with profitability continues to be on the rise.

Capitalizing on its superior quality, stringent standards and diverse expertise, Longfor Intelligent Living’s property management and commercial operation services have consistently expanded. As of the end of the period, the property area under management was 350 million square meters and there were 81 commercial properties in operation under management. Through cutting-edge intelligent technology system, the Group successfully identify and cater the customer’s precise needs, resulting in a remarkable customer satisfaction of over 90% for 14 consecutive years.

The smart construction brand “Longfor Smart Construction” combines extensive industry expertise and leading digital technology capabilities, integrates diverse resources of the Group, and adopts the concept of “Building a Futuristic City” to provide smart urban solutions featuring full industry expertise, full cyclical nature and digitalization, continuously creating value for customers.

Backed by sufficient land bank and with our focus on tier-1 and tier-2 core cities, the Company spares unrivalled flexibility to launch saleable resources in a timely manner after having regard to the market situations. Additionally, the Group remains committed to product innovation and enhancement, introducing new product series such as Glory of Galaxy, Glory of Thorns, Cloud Palace, and Noble Mansion. These offerings are aimed at optimizing product quality and aligning with customers’ specific requirements, enabling us to seize opportunities in the dynamic market. With regard to project investments, the Group will continue to allocate funds based on sales performance, adhere to investment guidelines, exercise strict control over land acquisition costs, improve capital use efficiency, and pursue targeted investments.

The Group (including joint ventures and associates) completed properties with a total GFA of approximately 5.4 million square meters in 1H2023 and plans to complete properties with a total GFA of 19 million square meters in 2023, most of which will be completed in the second half of the year. Steady progress has been made in the construction and sales of these projects.

In terms of commercial properties, approximately 6 Paradise Walks are expected to be in operation in the second half of 2023, located in cities such as Beijing, Shanghai and Chongqing. Our rental housing business covered tier-1 and tier-2 cities, such as Beijing, Shanghai, Shenzhen, Hangzhou, Chengdu, Nanjing and Chongqing. Also, we will further make steady progress along with the increase in market demand.

Looking ahead, the Group will prioritize the restructuring of its asset portfolio, enhancing overall quality and efficiency, and further refining its land bank structure to bolster a more resilient profit structure. Longfor will no longer rely solely on debt-driven business expansion but instead strive for internal growth through generating positive operating cash flow from multiple business. By upholding its core values and maintaining steady operations, the Group seeks to embrace a development paradigm characterized by low leverage, low costs, robust operations, and positive operating cash flow.

PAYMENT OF INTERIM DIVIDEND

The Board declared payment of an interim dividend of RMB0.32 per share for the six months ended June 30, 2023. 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, December 27, 2023 to Thursday, December 28, 2023. The interim dividend will be paid on Thursday, February 8, 2024 to the shareholders whose names appear on the register of members of the Company on Thursday, January 4, 2024. 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 Friday, January 12, 2024. 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 Thursday, February 8, 2024.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, January 3, 2024 to Thursday, January 4, 2024, 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 Tuesday, January 2, 2024.

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

During the six months ended June 30, 2023, the trustee of the Restricted Share Award Scheme purchased on The Stock Exchange of Hong Kong Limited a total of 23,426,193 shares at a total consideration of approximately HKD499,432,716 pursuant to the terms of the trust deed under the Restricted Share Award Scheme; in addition, a subsidiary of the Company purchased senior notes issued by the Company in an aggregate principal amount of USD126,375,000 on the open market.

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, 2023.

CORPORATE GOVERNANCE

The Company recognises the importance of corporate transparency and accountability. We are committed in achieving a high standard of corporate governance and leading the Group to attain better results and enhance company value with effective corporate governance procedures. During the six months ended June 30, 2023, the Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the “**Code**”) contained in Appendix 14 to the Listing Rules, except with the following deviation:

Following the appointment of Mr. Chen Xuping as the Chairman of the Board with effect from October 28, 2022, Mr. Chen Xuping assumes the dual roles of the Chairman of the Board and the Chief Executive Officer of the Company. This deviates from code provision C.2.1 of the Code, which requires that the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. After evaluating the development of the Group and taking into account of the experience of Mr. Chen Xuping, the Board was of the opinion that it is in the best interest of the Company at the present stage for vesting the roles of the Chairman of the Board and the Chief Executive Officer of the Company in the same person as it helps to facilitate the execution of the Group's development strategies. The Board will nevertheless review this structure from time to time for accommodating and facilitating the development of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive directors, namely 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, 2023 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, 2023.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This announcement is published on the website of the Company (www.longfor.com) and the designated website for issuers of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk), respectively. The interim report 2023 of the Company will be dispatched to the shareholders of the Company and be available on the above websites in due course.

By Order of the Board
Longfor Group Holdings Limited
Chen Xuping
Chairperson

Hong Kong, August 18, 2023

As at the date of this announcement, the Board comprises nine members: Mr. Chen Xuping, Mr. Zhao Yi, Mr. Zhang Xuzhong and Ms. Shen Ying who are executive directors; Mr. Xia Yunpeng who is non-executive director; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Mr. Leong Chong who are independent non-executive directors.