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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)

ADOPTION OF RESTRICTED SHARE AWARD SCHEME

The Board is pleased to announce that it resolved today to adopt the Scheme as an incentive to retain and encourage the Employees for the continual operation and development of the Group, pursuant to which existing Shares will be purchased by the Trustee from the market out of cash contributed by the Company and be held on trust for the Selected Employees until such Shares are vested with the Selected Employees in accordance with the Scheme Rules.

The maximum number of Shares which the Trustee may purchase shall not exceed 5% of the total issued share capital of the Company from time to time.

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LISTING RULES IMPLICATION

The Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

SUMMARY OF THE SCHEME RULES

Purposes and Objectives

The purposes and objectives of the Scheme are to (i) recognize and motivate the contribution of the Employees; (ii) to provide long term incentives and help the Group in retaining the Employees and recruiting future employees; and (iii) provide the Employees with economic interests in attaining the long-term business objectives of the Group.

Administration

The Scheme shall be subject to the administration of the Implementation Committee in accordance with the Scheme Rules. The Implementation Committee, comprising the chairperson of the Board, the chairperson of the remuneration committee of the Company, the chief executive officer of the Company, the chief financial officer of the Company and the general manager in charge of human resources of the Company, will oversee, among other things, the acquisition, granting and vesting of Shares under the Scheme in accordance with the Scheme Rules.

Scheme Limit

The maximum number of Shares which the Trustee may purchase under the Scheme shall not exceed 5% of the total issued share capital of the Company from time to time (the “**Scheme Limit**”).

The maximum number of Scheme Shares which may be awarded to a Selected Employee under the Scheme shall not exceed 1% of the total issued share capital of the Company as at the Adoption Date.

Restrictions

No payment shall be made to the Trustee and no instruction shall be given to the Trustee to acquire Shares when any member of the Implementation Committee is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws from time to time.

Operation

Source of Funds

The Implementation Committee may at any time it considers appropriate, pay to the Trustee from the Company’s resources a sum of money to purchase Shares. The amount will be calculated by multiplying (i) the core net profit, being an amount equal to the consolidated net profit of the Group as shown in the audited accounts of the relevant financial year excluding any change in fair value of investment properties and other derivative financial instrument held by the Group and non-controlling interests with (ii) certain percentage to be determined each financial year based on overall performance of the Group in the relevant financial year. Any amount of such sum that is not used in a financial year can be carried forward.

Purchase of Scheme Shares

The Implementation Committee may, at such time as it considers appropriate, instruct the Trustee to apply the fund described in the paragraph headed “*Source of Funds*” above and/or all or part of the cash income and deemed cash income in respect of Scheme Shares towards (i) the purchase of maximum number of board lots of Shares at prevailing market price; and/or (ii) the settlement of other costs and expenses in connection with the Scheme.

Granting and Vesting

The Implementation Committee or its delegate may, from time to time, at its absolute discretion select the Employees to participate in the Scheme, and determine the number of Scheme Shares to be awarded to the Selected Employees, the vesting dates of Granted Shares (the “**Vesting Date(s)**”) and the vesting conditions in respect of Granted Shares.

Unless otherwise determined by the Implementation Committee, the Trustee shall hold the Granted Shares until they are vested with the Selected Employees in accordance with the Scheme Rules.

Lapse

Unless otherwise determined by the Implementation Committee or its delegate at its discretion, upon the occurrence of certain events including the following events, the Granted Shares shall not be vested with the Selected Employee:

- the Selected Employee fails to remain as an Employee on the relevant Vesting Date;
- the Selected Employee fails to fulfil the vesting conditions in respect of the Granted Shares; and
- the Selected Employee’s employment is terminated by reason of, inter alia, serious misconduct, incompetence or negligence in performing his/her duties causing material losses to the Group, being charged, convicted for any offence under applicable laws or regulations, and/or breaches of the Group’s employee behavior codes.

Upon occurrence of certain events including the above, the relevant Granted Shares shall become Returned Shares.

Voting Rights

The Trustee, the Implementation Committee and the Board shall not exercise the voting rights in respect of any Scheme Shares held by Trustee.

Duration

The Scheme shall be effective from the Adoption Date and shall continue in full force and effect until the aggregate number of Shares purchased under the Scheme reaches the Scheme Limit or the Scheme is terminated by a resolution of the Board.

If the Scheme Limit is reached or the Scheme is terminated, the Trustee shall not purchase any Shares pursuant to the Scheme Rules, but the Scheme Rules shall remain in full force and effect in all other respects for existing Scheme Shares.

DEFINITION

Unless otherwise defined, the following terms in this announcement have the following meanings:

“Adoption Date”	26 August 2020, being the date on which the Board adopted the Scheme;
“Board”	the board of directors of the Company;
“Company”	Longfor Group Holdings Limited, a company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 960);
“Directors”	directors of the Company;
“Employee(s)”	any full-time employee employed by any member of the Group (including without limitation any executive director of any member of the Group) and non-executive director of any member of the Group;
“Granted Shares”	Scheme Shares granted to the Selected Employees;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Implementation Committee”	the implementation committee set up by the Board in accordance with the Scheme Rules;
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange;
“Returned Shares”	Granted Shares which are not accepted or vested in accordance with the Scheme Rules;
“Scheme”	the Restricted Share Award Scheme adopted on 26 August 2020 by the Board and constituted by the Scheme Rules, in its present form or as amended form time to time;
“Scheme Limit”	shall have the meaning as defined under the paragraph titled “Scheme Limit” in this announcement;
“Scheme Rules”	the rules governing the Scheme, in its present or any amended form;
“Scheme Shares”	all shares purchased and held by the Trustee pursuant to the Scheme Rules including shares not yet granted to the Employees, Granted Shares and Returned Shares;
“Selected Employee(s)”	Employee(s) selected by the Implementation Committee for participation in the Scheme pursuant to the Scheme Rules;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Trustee”	the trustee to be appointed from time to time by the Company for the purpose of implementing the Scheme, who is an independent third party of the Company;
“Vesting Date(s)”	shall have the meaning as defined under the paragraph titled “ <i>Granting and Vesting</i> ” in this announcement;

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

Hong Kong, 26 August 2020

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Zhao Yi and Mr. Wang Guangjian 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.