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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, 2021**

FINANCIAL SUMMARY

- Contracted sales increased by 28.4% to RMB142.63 billion over the same period last year.
- Revenue increased by 18.5% to RMB60.62 billion over the same period last year, of which the rental income from the property investment business increased by 42.4% to RMB4.78 billion.
- Profit attributable to shareholders was RMB7.42 billion. Excluding effects of fair value changes, core net profit attributable to shareholders increased by 17.1% to RMB6.18 billion over the same period last year. Gross profit increased by 6.5% to RMB16.78 billion over the same period last year and gross profit margin was 27.7%. Core net profit margin was 13.6%, and core net profit margin attributable to shareholders was 10.2%.
- The net debt to equity ratio (net debt divided by total equity) was 46.0%. Cash in hand was RMB99.47 billion.
- Consolidated total borrowings was RMB191.82 billion and average cost of borrowing was 4.21% per annum. Average maturity period of loan was 6.18 years.
- Basic earnings per share were RMB1.26. Excluding effects of fair value changes, core basic earnings per share were RMB1.05. The Board declared for the payment of an interim dividend of RMB0.47 per share, increased by 17.5% over the same period last year.

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, 2021 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, 2021

| | <i>NOTES</i> | Six months ended June 30, | |
|--|--------------|---------------------------|----------------|
| | | 2021 | 2020 |
| | | <i>RMB'000</i> | <i>RMB'000</i> |
| | | (unaudited) | (unaudited) |
| Revenue | 3 | 60,615,215 | 51,141,340 |
| Cost of sales | | (43,839,313) | (35,394,350) |
| Gross profit | | 16,775,902 | 15,746,990 |
| Other income | 4 | 1,349,511 | 593,894 |
| Other gains and losses | 5 | 17,491 | (147,489) |
| Lease liability charges | | (390,856) | (339,812) |
| Fair value gain (loss) upon transfer to investment properties | | 289,115 | (22,032) |
| Change in fair value of investment properties | | 2,259,287 | 1,755,551 |
| Change in fair value of other derivative financial instruments | | (28,675) | 23,502 |
| Selling and marketing expenses | | (2,332,297) | (1,714,060) |
| Administrative expenses | | (4,688,722) | (2,899,331) |
| Finance costs | 6 | (80,082) | (73,013) |
| Share of results of associates | | 6,404 | 526,138 |
| Share of results of joint ventures | | 693,968 | 186,796 |
| Profit before taxation | | 13,871,046 | 13,637,134 |
| Income tax expense | 7 | (3,741,748) | (4,872,280) |
| Profit for the period | 8 | 10,129,298 | 8,764,854 |

| | | Six months ended June 30, | |
|---|-------------|----------------------------------|--------------------|
| | | 2021 | 2020 |
| | <i>NOTE</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | | (unaudited) | (unaudited) |
| Other comprehensive income (expense): | | | |
| Item that will not be reclassified to profit or loss: | | | |
| Fair value gain on investments in equity instruments at fair value through other comprehensive income | | <u>1,110,610</u> | <u>2,741</u> |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Net fair value (loss) gain on hedging instruments | | (316,875) | 652,792 |
| Gain (loss) on hedging instruments reclassified to profit or loss | | <u>260,509</u> | <u>(265,433)</u> |
| | | <u>(56,366)</u> | <u>387,359</u> |
| Total other comprehensive income | | <u>1,054,244</u> | <u>390,100</u> |
| Total comprehensive income for the period | | <u>11,183,542</u> | <u>9,154,954</u> |
| Profit attributable to: | | | |
| Owners of the Company | | 7,419,311 | 6,338,613 |
| Non-controlling interests | | <u>2,709,987</u> | <u>2,426,241</u> |
| | | <u>10,129,298</u> | <u>8,764,854</u> |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 8,473,555 | 6,728,713 |
| Non-controlling interests | | <u>2,709,987</u> | <u>2,426,241</u> |
| | | <u>11,183,542</u> | <u>9,154,954</u> |
| Earnings per share, in RMB cents | | | |
| Basic | <i>10</i> | <u>125.9</u> | <u>107.9</u> |
| Diluted | <i>10</i> | <u>123.8</u> | <u>105.9</u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2021

| | At June 30, 2021 | At December 31, 2020 |
|--|--------------------------------------|-------------------------------------|
| <i>NOTE</i> | <i>RMB'000</i> (unaudited) | <i>RMB'000</i> (audited) |
| NON-CURRENT ASSETS | | |
| Investment properties | 165,352,273 | 152,485,798 |
| Property, plant and equipment | 3,347,921 | 2,808,526 |
| Right-of-use assets | 1,561,220 | 1,529,334 |
| Goodwill | 942,051 | 275,976 |
| Intangible assets | 701,533 | 213,848 |
| Interests in associates | 10,111,250 | 10,565,712 |
| Interests in joint ventures | 8,935,816 | 7,569,592 |
| Equity instruments at fair value through other comprehensive income | 5,496,260 | 3,781,062 |
| Derivative financial instruments | 202,985 | 286,089 |
| Deferred taxation assets | 9,686,245 | 8,866,713 |
| | <u>206,337,554</u> | <u>188,382,650</u> |
| CURRENT ASSETS | | |
| Inventories of properties | 426,499,913 | 375,139,846 |
| Other inventories | 494,344 | 483,111 |
| Deposits paid for acquisition of properties held for development | 4,686,506 | 6,152,572 |
| Accounts and other receivables, deposits and prepayments | <i>11</i> 41,586,459 | 30,739,772 |
| Contract cost | 251,041 | – |
| Amounts due from non-controlling interests | 64,341,661 | 60,349,738 |
| Amounts due from associates | 10,214,548 | 9,125,446 |
| Amounts due from joint ventures | 8,638,371 | 10,167,763 |
| Taxation recoverable | 10,845,804 | 6,350,307 |
| Financial assets at fair value through profit or loss | 76,000 | 440,000 |
| Pledged bank deposits | 493,427 | 821,790 |
| Bank balances and cash | 98,980,517 | 77,005,830 |
| | <u>667,108,591</u> | <u>576,776,175</u> |

| | | At June 30, 2021 RMB'000 (unaudited) | At December 31, 2020 RMB'000 (audited) |
|---|----|--|--|
| CURRENT LIABILITIES | | | |
| Accounts and bills payables, other payables and accrued charges | 12 | 126,728,977 | 113,216,036 |
| Contract liabilities | | 240,877,062 | 182,388,939 |
| Amounts due to non-controlling interests | | 38,644,747 | 36,262,798 |
| Amounts due to associates | | 8,605,409 | 7,363,712 |
| Amounts due to joint ventures | | 8,404,380 | 7,310,672 |
| Taxation payable | | 29,209,602 | 33,352,975 |
| Lease liabilities | | 1,283,118 | 1,272,830 |
| Bank and other borrowings – due within one year | | 18,141,090 | 18,338,133 |
| Other derivative financial instruments | | 1,094 | 2,120 |
| | | <u>471,895,479</u> | <u>399,508,215</u> |
| NET CURRENT ASSETS | | <u>195,213,112</u> | <u>177,267,960</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>401,550,666</u> | <u>365,650,610</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 527,820 | 527,214 |
| Reserves | | 109,174,635 | 107,816,716 |
| | | <u>109,702,455</u> | <u>108,343,930</u> |
| Equity attributable to owners of the Company | | 109,702,455 | 108,343,930 |
| Non-controlling interests | | 90,949,728 | 84,380,223 |
| | | <u>200,652,183</u> | <u>192,724,153</u> |
| TOTAL EQUITY | | <u>200,652,183</u> | <u>192,724,153</u> |
| NON-CURRENT LIABILITIES | | | |
| Lease liabilities | | 14,069,761 | 12,439,194 |
| Bank and other borrowings – due after one year | | 155,838,954 | 130,996,474 |
| Senior notes – due after one year | | 17,843,152 | 18,032,587 |
| Derivative financial instruments | | 1,098,292 | 864,522 |
| Other derivative financial instruments | | 33,189 | 30,299 |
| Deferred taxation liabilities | | 12,015,135 | 10,563,381 |
| | | <u>200,898,483</u> | <u>172,926,457</u> |
| | | <u>401,550,666</u> | <u>365,650,610</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

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 investment properties and certain financial instruments, which are measured at fair values.

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, 2021 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2020.

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 annual period beginning on or after January 1, 2021 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|---|--|
| Amendment to IFRS 16 | Covid-19-Related Rent Concessions |
| Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 | Interest Rate Benchmark Reform – Phase 2 |

Except as described below, the application of the amendments to IFRSs in the current 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.

2.1 *Impacts and accounting policies on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2*

Financial instruments

Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

For changes in the basis for determining the contractual cash flows of a financial asset or financial liability to which the amortised cost measurement applies as a result of interest rate benchmark reform, the Group applies the practical expedient to account for these changes by updating the effective interest rate, such change in effective interest rate normally has no significant effect on the carrying amount of the relevant financial asset or financial liability.

A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if and only if, both these conditions are met:

- the change is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e. the basis immediately preceding the change).

2.1.1 *Transition and summary of effects*

As at January 1, 2021, the Group has several financial liabilities, derivatives, the interest of which are indexed to benchmark rates that will or may be subject to interest rate benchmark reform.

The following table shows the total amounts of outstanding contracts. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

| | Hong Kong Interbank Offered Rate ("HIBOR") |
|---------------------|--|
| Bank loans | RMB30,597,973,000 |
| Interest rate swaps | HKD8,800,000,000 |

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost. The amendments have had no impact on the condensed consolidated financial statements as none of the above contracts has been transitioned to the relevant replacement rates during the interim period. The impacts on application of the amendments, if any, including additional disclosures, will be reflected in the Group's consolidated financial statements for the year ending December 31, 2021.

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 on the following bases:

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 at fair value through other comprehensive income (“FVTOCI”), deferred taxation assets, taxation recoverable, derivative financial instruments, financial assets at fair value through profit or loss (“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 and contract liabilities 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. Segment profit does not include the Group’s share of results arising from the activities of the Group’s associates and joint ventures.

The measure used for reporting segment profit is adjusted earnings before interest, 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.

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, 2021 (unaudited) | | | | |
|---|--|---|---|---------------------------------|
| | Property development <i>RMB’000</i> | Property investment <i>RMB’000</i> | Property management and related services and others <i>RMB’000</i> | Total <i>RMB’000</i> |
| Revenue from external customers | | | | |
| Recognised at a point in time | 48,059,441 | – | – | 48,059,441 |
| Recognised over time | 3,775,977 | 4,784,600 | 3,995,197 | 12,555,774 |
| 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> |
| Six months ended June 30, 2020 (unaudited) | | | | |
| | Property development <i>RMB’000</i> | Property investment <i>RMB’000</i> | Property management and related services and others <i>RMB’000</i> | Total <i>RMB’000</i> |
| Revenue from external customers | | | | |
| Recognised at a point in time | 39,711,718 | – | – | 39,711,718 |
| Recognised over time | 5,536,903 | 3,360,166 | 2,532,553 | 11,429,622 |
| Inter-segment revenue | – | – | 321,292 | 321,292 |
| Segment revenue | <u>45,248,621</u> | <u>3,360,166</u> | <u>2,853,845</u> | <u>51,462,632</u> |
| Segment profit (Adjusted Earnings) | <u>10,559,667</u> | <u>2,400,400</u> | <u>733,051</u> | <u>13,693,118</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, | |
|--|----------------------------------|--------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Revenue | | |
| Segment revenue | 62,133,426 | 51,462,632 |
| Elimination of inter-segment revenue | (1,518,211) | (321,292) |
| | <u>60,615,215</u> | <u>51,141,340</u> |
| Profit | | |
| Segment profit | 14,052,749 | 13,693,118 |
| Other income | 1,349,511 | 593,894 |
| Other gains and losses | 17,491 | (147,489) |
| Fair value gain (loss) upon transfer to investment properties | 289,115 | (22,032) |
| Change in fair value of investment properties | 2,259,287 | 1,755,551 |
| Change in fair value of other derivative financial instruments | (28,675) | 23,502 |
| Finance costs | (80,082) | (73,013) |
| Share of results of associates | 6,404 | 526,138 |
| Share of results of joint ventures | 693,968 | 186,796 |
| Depreciation and amortisation | (169,448) | (89,133) |
| Unallocated expenses | (4,519,274) | (2,810,198) |
| | <u>13,871,046</u> | <u>13,637,134</u> |
| Consolidated profit before taxation | | |

(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, | |
|--|----------------------------------|--------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Sales of properties | | |
| – recognised at a point in time | 48,059,441 | 39,711,718 |
| – recognised over time | 3,775,977 | 5,536,903 |
| Property development segment | 51,835,418 | 45,248,621 |
| Revenue from property management and related services and others | | |
| – recognised over time | 3,995,197 | 2,532,553 |
| Revenue from contract with customers | 55,830,615 | 47,781,174 |
| Rental income | 4,784,600 | 3,360,166 |
| Total revenue | 60,615,215 | 51,141,340 |

(d) **Segment assets**

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

| | At | At |
|---|--------------------|---------------------|
| | June 30, | December 31, |
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (audited) |
| Property development | 460,930,010 | 399,504,991 |
| Property investment (<i>Note</i>) | 134,605,151 | 123,912,565 |
| Property management and related services and others | 5,476,358 | 3,128,463 |
| Total segment assets | 601,011,519 | 526,546,019 |

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, 2021 RMB'000 (unaudited) | At December 31, 2020 RMB'000 (audited) |
|---|---|---|
| Property development | 329,620,477 | 267,071,062 |
| Property investment | 22,089,698 | 18,721,978 |
| Property management and related services and others | 510,550 | 312,937 |
| Total segment liabilities | <u>352,220,725</u> | <u>286,105,977</u> |

4. OTHER INCOME

| | Six months ended June 30, 2021 RMB'000 (unaudited) | 2020 RMB'000 (unaudited) |
|--|---|---|
| Interest income | 690,238 | 365,758 |
| Government subsidies (<i>Note a</i>) | 314,238 | 24,649 |
| Penalty income (<i>Note b</i>) | 30,394 | 114,096 |
| Consultancy income (<i>Note c</i>) | 91,635 | 54,839 |
| Sundry income | 223,006 | 34,552 |
| Total | <u>1,349,511</u> | <u>593,894</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, | |
|--|----------------------------------|--------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| (Loss) gain on disposal of property, plant and equipment | (135) | 1,077 |
| Net exchange gain (loss) (<i>Note</i>) | 278,135 | (410,648) |
| Reclassification of fair value (loss) gain of hedging instruments from hedging reserve | (260,509) | 265,433 |
| Others | — | (3,351) |
| | <u>17,491</u> | <u>(147,489)</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, | |
|--|----------------------------------|--------------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Interest on bank and other borrowings | | |
| Wholly repayable within five years | (2,900,405) | (2,729,207) |
| Not wholly repayable within five years | (760,246) | (819,448) |
| Interest expense on senior notes | (363,861) | (397,552) |
| | <u>(4,024,512)</u> | <u>(3,946,207)</u> |
| Less: Amount capitalised to properties under development for sales and investment properties under development | <u>3,944,430</u> | <u>3,873,194</u> |
| | <u>(80,082)</u> | <u>(73,013)</u> |

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 4.30% (six months ended June 30, 2020: 4.52%) per annum for the six months ended June 30, 2021 to expenditure on the qualifying assets.

7. INCOME TAX EXPENSE

| | Six months ended June 30, | |
|---|----------------------------------|-------------|
| | 2021 | 2020 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Current tax | | |
| PRC Enterprise Income Tax (“EIT”) | (2,752,608) | (2,625,929) |
| Withholding tax on distributed earnings | – | (71,315) |
| Land Appreciation Tax (“LAT”) | (2,164,686) | (2,377,106) |
| | (4,917,294) | (5,074,350) |
| Overprovision in prior periods | | |
| EIT (<i>Note a</i>) | 714,531 | – |
| LAT (<i>Note b</i>) | 1,093,237 | 142,470 |
| | (3,109,526) | (4,931,880) |
| Deferred taxation | | |
| Current period | (632,222) | 59,600 |
| | (3,741,748) | (4,872,280) |

Notes:

- (a) The assessment and computation of EIT payable in respect of certain subsidiaries which held completed property projects were finalised which differed from the management’s estimation on EIT in prior periods, resulting in an overprovision of EIT in respect of prior periods. During the six months ended June 30, 2021, preferential tax rate has been granted to certain PRC subsidiaries for calculation of EIT in prior periods, resulting to 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, | |
|----------------------------------|-----------------------|
| 2021 | 2020 |
| <i>RMB'000</i> | <i>RMB'000</i> |
| (unaudited) | (unaudited) |

Profit for the period has been arrived at after charging (crediting):

| | | |
|--|----------------|---------|
| Depreciation of property, plant and equipment | 105,898 | 77,222 |
| Depreciation of right-of-use assets | 39,435 | 5,903 |
| Amortisation of intangible assets | 24,115 | 6,008 |
| Loss (gain) on disposal of property, plant and equipment | 135 | (1,077) |

9. DIVIDENDS

| Six months ended June 30, | |
|----------------------------------|-----------------------|
| 2021 | 2020 |
| <i>RMB'000</i> | <i>RMB'000</i> |
| (unaudited) | (unaudited) |

Dividends recognised as distribution during the period:

Final dividend recognised in respect of 2020 of RMB1.03

(six months ended June 30, 2020: Final dividend recognised
in respect of 2019 of RMB0.84) per share

| | |
|------------------|------------------|
| 6,247,401 | 5,035,456 |
|------------------|------------------|

Subsequent to the end of the reporting period, the Board declared the payment of an interim dividend of RMB2,850,897,000, representing RMB0.47 per share, based on the number of shares in issue as at June 30, 2021, in respect of the six months ended June 30, 2021 (six months ended June 30, 2020: RMB2,397,870,000).

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, | |
|--|----------------------------------|------------------|
| | 2021 | 2020 |
| | 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>7,419,311</u> | <u>6,338,613</u> |
| | 2021 | 2020 |
| | '000 | '000 |
| | (unaudited) | (unaudited) |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share | 5,893,359 | 5,873,462 |
| Effect of dilutive potential ordinary shares in respect of – Share options and share awards | <u>101,052</u> | <u>110,002</u> |
| Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share | <u>5,994,411</u> | <u>5,983,464</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 property development and 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 is 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 is required to be settled by property owners and property developers within 30 days upon the issuance of demand note.

| | At June 30, 2021 RMB'000 (unaudited) | At December 31, 2020 RMB'000 (audited) |
|--|--|--|
| Trade receivables (<i>Note a</i>) | | |
| – Contract with customers | 3,100,549 | 2,534,201 |
| – Rental | 97,775 | 96,415 |
| | <u>3,198,324</u> | <u>2,630,616</u> |
| Other receivables, net of allowance for doubtful debts (<i>Note b</i>) | 10,630,610 | 6,962,012 |
| Advances to contractors | 3,553,974 | 2,608,750 |
| Prepaid value added tax and other taxes | 19,817,411 | 16,637,315 |
| Prepayments and utilities deposits (<i>Note c</i>) | 4,386,140 | 1,901,079 |
| | <u>41,586,459</u> | <u>30,739,772</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 invoices:

| | At June 30, 2021 RMB'000 (unaudited) | At December 31, 2020 RMB'000 (audited) |
|----------------|--|--|
| Within 60 days | 2,308,398 | 2,254,739 |
| 61 – 180 days | 137,795 | 88,033 |
| 181 – 365 days | 731,791 | 278,477 |
| 1 – 2 years | 20,340 | 9,367 |
| | <u>3,198,324</u> | <u>2,630,616</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) Included in the prepayments and utilities deposits, there are payments mainly for the properties held for development amounting to RMB4,252,343,000 (2020: RMB1,850,406,000) which are paid on behalf of certain entities which the Group potentially invests in them (“**potential investees**”). In the opinion of the directors, such payments are prepayment for property development projects for those potential investees.

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

| | At June 30, 2021 <i>RMB'000</i> (unaudited) | At December 31, 2020 <i>RMB'000</i> (audited) |
|---|--|---|
| Trade payables and accrued expenditure on construction (<i>Note a</i>) | 97,068,690 | 89,886,799 |
| Bills payables (<i>Note a</i>) | 25,428 | 118,215 |
| | 97,094,118 | 90,005,014 |
| Dividend payables | 6,247,401 | 2,423,341 |
| Other payables and accrued charges (<i>Note b</i>) | 15,935,028 | 12,714,377 |
| Value added tax payables | 6,679,800 | 7,607,242 |
| Consideration payable for acquisition of assets and liabilities through acquisition of subsidiaries | 480,636 | 414,757 |
| Consideration payable for business combinations | 291,994 | 51,305 |
| | <u>126,728,977</u> | <u>113,216,036</u> |

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 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, 2021 <i>RMB'000</i> (unaudited) | At December 31, 2020 <i>RMB'000</i> (audited) |
|----------------|--|---|
| Within 60 days | 30,429,819 | 32,070,812 |
| 61 – 180 days | 22,063,185 | 23,106,270 |
| 181 – 365 days | 26,170,504 | 16,691,969 |
| 1 – 2 years | 5,413,839 | 3,175,846 |
| 2 – 3 years | 1,630,687 | 1,063,962 |
| Over 3 years | 779,105 | 259,089 |
| | <u>86,487,139</u> | <u>76,367,948</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 shareholders the interim business review and outlook of Longfor Group Holdings Limited (the “**Company**”), together with its subsidiaries (collectively the “**Group**”), for the period ended June 30, 2021.

With more than half a year into 2021, despite the ebbs and flows of the COVID-19 pandemic, the global economy is showing signs of recovery. China’s economy has also sustained a steady pick-up, driven by its effective macroeconomic policies as well as the growth of core industries such as consumer retail and foreign trade. In the first half of 2021, the real estate industry showed stable performance. Commodity housing sales value reached RMB9.29 trillion¹, an increase of 38.9% compared with that of last year. Benefitting from the rigid demand for housing brought by continued urbanization, the Group achieved total contracted sales of RMB142.6 billion in the first half of the year, representing 28% and 35% increase compared with that of 2020 and 2019, respectively. In addition to scale expansion, our core net profit achieved a growth of 17% year-on-year, steadily delivering our promise to the capital market.

Over the past two years, the real estate sector has witnessed frequent policy tightenings, yet none of these was completely unexpected. Following the overarching theme of “house is for living and not for speculation”, the Chinese government persistently rolled out targeted regulations on home price, money supply, and land price, sending clear messages to the market. The newly adopted centralized land auction scheme is undoubtedly the focal point of the market in the first half of the year. It is an ultimate test of developers’ capability of capital allocation, decision accuracy, and operation life cycle management, requiring greater emphasis on project returns, which is also the philosophy behind any investment. In the first half of the year, the Group acquired 53 new pieces of land with an attributable land cost of RMB38.9 billion. With a consistent focus on strategic regions and cities, the Group’s land acquisition in the first half of the year maintained a steady pace and reasonable underlying profit margins. This lays a solid foundation for subsequent investments and provides new momentum for future scale expansion and profit growth.

¹. *Source: National Bureau of Statistics of China*

Under the “Three Red Lines”, the real estate industry has been reducing overall leverage ratios. Our discipline and strict implementation of financial risk control over the past has not only enabled the Group to deliver steady results, but has also allowed us to make long-term proactive planning. In the first half of the year, the average financing cost of the Group was 4.21%, decreasing to a new record low level while maintaining a reasonable debt mix. The divergence of developers’ credit quality will continue under the backdrop of de-risk and de-leverage regulatory environment, and as a result, high credit quality players will be favored. It is critical for the Group to ride through industry cycles by maintaining its “Green Category” under the “Three Red Lines” and its full investment grade credit ratings, ensuring healthy financing channels and debt growth, as well as staying prudent in managing financial risks.

Our 20 years of valuable experience in commercial property has formed the basis for steady growth in recurring income. Longfor’s commercial property projects are market competitive and continue to thrive on the back of domestic consumption recovery. In the first half of the year, the Group opened 5 new Paradise Walk projects. Malls already in operation achieved a year-on-year increase of 60% in same-store sales, with footfall returning to pre-COVID levels. In the second half of the year, 7 new malls are scheduled to open in Nanjing, Beijing, Hangzhou, Chongqing, Wuhan, and Suzhou, all of which are much anticipated by us and by the market.

The rental housing market has seen healthy development, under a fine balance between regulation and supportive policies. In the first half of the year, Goyoo, Longfor’s rental housing brand, achieved rental revenue of RMB1.07 billion, with an overall occupancy rate exceeding 94% as of the end of the reporting period. As the market picks up post the pandemic, riding on the increasing demand for quality homes among young residents in high-tier cities, Goyoo expects to witness its first profitable year in 2021. The Group will maintain its pragmatic attitude, keep accumulating experience and remain patient for this business to bear fruit in the long term.

As for property management, the Group strives to strike a balance between scale expansion and improvement in efficiency and profitability, while aligning it with other businesses of the Group. On one hand, we deployed smart technology solutions to revamp our operational approach to more accurately satisfy our residents’ continuously evolving demands. On the other hand, we emphasized team structure optimization and cost reduction while expanding our service scope and profitability.

The steady development of all core businesses is backed by our sound organizational structure. Our investments in digitization and technology in past years enabled each internal function to be more streamlined and specialized. At the same time, hierarchy and power gap have been eliminated by systematic empowerment to improve the accuracy and efficiency of decision-making. Only through this can we incubate new businesses and become a future-ready player in this traditional industry, by adhering to our main strategy of “SaaS, Space as a Service”.

Over the course of the Group’s development, we always bear in mind our social responsibility as a corporate citizen. Global Green Recovery and China’s carbon neutrality and peak emission goals have injected new meaning to Longfor’s philosophy of “For You Forever”. As of the end of the reporting period, the GFA of projects meeting green building standards exceeded 80 million square meters. Going forward, with the goals of 100% green construction and green buildings, we will launch a green and low-carbon development strategy and improve our operating system. Longfor will always strive to surpass national standards, industry standards as well as our customers’ expectations, and to implement and deliver sustainable development concepts in terms of environment, society, and governance.

2021 marks the 28th anniversary of Longfor’s establishment. Maintaining discipline and respect for the market is the key for our long-term development and growth. We believe that the prospects depend on the vision. With both challenges and opportunities ahead, our best choice is to maintain steady progress with disciplined attitude and down-to-earth practice. We will continue to deliver our commitment to our customers, shareholders, and the society with sound and solid fundamentals.

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

Wu Yajun

Chairperson

Longfor Group Holdings Limited

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

From January to June 2021, revenue from property development business of the Group was RMB51.84 billion, representing an increase of 14.6% over the same period last year. The Group delivered 3.75 million square meters of property in gross floor area (GFA) terms. The gross profit margin of overall property development business was 23.4%. Recognized average selling price was RMB13,841 per square meter from January to June 2021.

Table 1: Breakdown of property development revenue of the Group from January to June 2021

* Amount excluding tax

| City | Revenue | | Total GFA | |
|--------------|--|--|-------------------------------------|-------------------------------------|
| | January to June 2021 RMB million | January to June 2020 RMB million | January to June 2021 '000 Sqm | January to June 2020 '000 Sqm |
| Chongqing | 8,398 | 8,312 | 731 | 756 |
| Suzhou | 5,124 | 1,517 | 283 | 91 |
| Chengdu | 4,757 | 6,158 | 343 | 382 |
| Hefei | 4,364 | 1,751 | 306 | 132 |
| Nanjing | 3,740 | 251 | 158 | 10 |
| Guangzhou | 2,685 | 308 | 146 | 10 |
| Ji'nan | 1,742 | 3,830 | 136 | 264 |
| Xiamen | 1,702 | 639 | 114 | 23 |
| Ningbo | 1,595 | 4,084 | 167 | 281 |
| Wuhan | 1,569 | 172 | 94 | 12 |
| Tianjin | 1,564 | 364 | 101 | 28 |
| Hangzhou | 1,529 | 1,494 | 88 | 63 |
| Wuxi | 1,204 | 885 | 91 | 73 |
| Guiyang | 1,150 | 943 | 118 | 90 |
| Changsha | 1,093 | 523 | 110 | 50 |
| Zhengzhou | 1,076 | – | 130 | – |
| Changzhou | 930 | 50 | 78 | 3 |
| Shanghai | 908 | 104 | 58 | 6 |
| Shenzhen | 902 | – | 16 | – |
| Qingdao | 824 | 185 | 76 | 17 |
| Dalian | 681 | 1,557 | 33 | 117 |
| Beijing | 576 | 757 | 32 | 29 |
| Quanzhou | 555 | 34 | 58 | 4 |
| Shenyang | 472 | 646 | 30 | 56 |
| Changde | 344 | 696 | 55 | 100 |
| Xianyang | 326 | 7 | 33 | 1 |
| Zhuhai | 295 | 564 | 12 | 25 |
| Fuzhou | 292 | 743 | 15 | 52 |
| Dongguan | 256 | – | 18 | – |
| Shijiazhuang | 198 | 107 | 23 | 9 |
| Xi'an | 197 | 3,079 | 13 | 259 |
| Ganzhou | 175 | – | 22 | – |

| City | Revenue | | Total GFA | |
|--------------|--|--|-------------------------------------|-------------------------------------|
| | January to June 2021 RMB million | January to June 2020 RMB million | January to June 2021 '000 Sqm | January to June 2020 '000 Sqm |
| Yantai | 173 | 824 | 21 | 97 |
| Kunming | 148 | 122 | 12 | 11 |
| Baoding | 57 | 147 | 5 | 12 |
| Nantong | 41 | 1,140 | 3 | 58 |
| Jiaxing | 34 | 1,441 | 4 | 107 |
| Yuxi | 22 | 283 | 2 | 17 |
| Nanchang | 5 | 1,465 | 1 | 135 |
| Others | 132 | 67 | 9 | 3 |
| Total | 51,835 | 45,249 | 3,745 | 3,383 |

From January to June 2021, the Group achieved contracted sales of RMB142.63 billion, representing an increase of 28.4% over the same period last year. The Group sold 8.26 million square meters in total GFA, representing an increase of 26.2% over the same period last year. Average selling price of GFA sold was RMB17,272 per square meter, representing an increase of 1.8% over the same period last year. Contracted sales from Yangtze River Delta, western China, Pan Bohai Rim, southern China and central China were RMB39.38 billion, RMB32.38 billion, RMB34.65 billion, RMB21.62 billion and RMB14.60 billion respectively, accounting for 27.6%, 22.7%, 24.3%, 15.2% and 10.2% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group from January to June 2021

* Amount including tax

| City | Contracted sales | | Total GFA | |
|-----------|--|--|-------------------------------------|-------------------------------------|
| | January to June 2021 RMB million | January to June 2020 RMB million | January to June 2021 '000 Sqm | January to June 2020 '000 Sqm |
| Chongqing | 10,921 | 9,700 | 828 | 782 |
| Hangzhou | 9,177 | 7,163 | 317 | 215 |
| Chengdu | 8,830 | 9,246 | 510 | 525 |
| Wuhan | 8,149 | 1,180 | 334 | 80 |
| Beijing | 7,649 | 4,622 | 222 | 143 |
| Ji'nan | 6,764 | 4,651 | 491 | 341 |
| Shenyang | 6,027 | 5,621 | 383 | 393 |
| Shanghai | 5,458 | 1,419 | 179 | 50 |
| Fuzhou | 5,391 | 3,324 | 366 | 203 |
| Hefei | 5,332 | 5,832 | 360 | 385 |
| Kunming | 5,080 | 3,262 | 313 | 264 |
| Wenzhou | 4,823 | 1,569 | 201 | 63 |
| Changsha | 3,338 | 1,195 | 288 | 125 |
| Qingdao | 3,139 | 5,348 | 303 | 454 |
| Tianjin | 2,995 | 1,178 | 160 | 79 |
| Shaoxing | 2,987 | 2,567 | 143 | 139 |
| Guangzhou | 2,835 | 2,785 | 86 | 84 |

| City | Contracted sales | | Total GFA | |
|--------------|---|---|--|--|
| | January to June 2021 <i>RMB million</i> | January to June 2020 <i>RMB million</i> | January to June 2021 <i>'000 Sqm</i> | January to June 2020 <i>'000 Sqm</i> |
| Xi'an | 2,729 | 2,192 | 166 | 128 |
| Changchun | 2,540 | – | 183 | – |
| Dongguan | 2,441 | 557 | 109 | 36 |
| Xianyang | 2,415 | 1,019 | 236 | 108 |
| Nanjing | 2,333 | 2,651 | 125 | 112 |
| Zhengzhou | 2,313 | 951 | 159 | 58 |
| Ningbo | 2,261 | 5,916 | 74 | 254 |
| Xiamen | 1,888 | 704 | 59 | 18 |
| Guiyang | 1,850 | 2,038 | 155 | 169 |
| Suzhou | 1,827 | 9,459 | 122 | 412 |
| Changzhou | 1,720 | 2,299 | 77 | 114 |
| Shijiazhuang | 1,705 | 665 | 94 | 51 |
| Hong Kong | 1,648 | 834 | 7 | 3 |
| Dalian | 1,596 | 1,076 | 105 | 63 |
| Taizhou | 1,140 | – | 73 | – |
| Jiaxing | 1,043 | 1,096 | 93 | 85 |
| Zhuhai | 931 | 403 | 39 | 17 |
| Wuxi | 919 | 665 | 61 | 45 |
| Huizhou | 859 | 487 | 78 | 43 |
| Sanya | 824 | – | 32 | – |
| Haikou | 791 | – | 32 | – |
| Weihai | 680 | 427 | 66 | 40 |
| Yantai | 640 | 833 | 59 | 77 |
| Nanning | 612 | 948 | 52 | 86 |
| Putian | 578 | – | 52 | – |
| Quanzhou | 562 | 755 | 53 | 67 |
| Foshan | 527 | 135 | 28 | 8 |
| Shenzhen | 526 | 1,604 | 21 | 26 |
| Lanzhou | 405 | – | 34 | – |
| Taiyuan | 402 | 409 | 38 | 36 |
| Changde | 378 | 185 | 58 | 24 |
| Zhongshan | 373 | 400 | 23 | 26 |
| Yangzhou | 321 | – | 19 | – |
| Jiangmen | 287 | 61 | 32 | 5 |
| Tangshan | 286 | – | 26 | – |
| Nanchang | 273 | 491 | 23 | 34 |
| Zhangzhou | 270 | 293 | 19 | 18 |
| Qingyuan | 178 | – | 19 | – |
| Jinzhong | 175 | – | 17 | – |
| Yuxi | 151 | 151 | 12 | 12 |
| Ganzhou | 144 | 121 | 19 | 15 |
| Baoding | 54 | 74 | 5 | 7 |
| Zhaoqing | 54 | – | 8 | – |
| Maoming | 49 | 64 | 8 | 8 |
| Nantong | 37 | 478 | 3 | 16 |
| Xuzhou | 2 | – | 1 | – |
| Total | 142,632 | 111,103 | 8,258 | 6,546 |

As at June 30, 2021, the Group had sold but unrecognized contracted sales of RMB375.3 billion (with an area of around 22.0 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, Nanjing, Chongqing, and Chengdu.

From January to June 2021, the rental income, net of tax, of the Group's property investment business was RMB4.78 billion[#], representing an increase of 42.4% over the same period last year. Shopping malls, rental housing and others accounted for 76.6%[#], 22.3% and 1.1% of the total rental income respectively. As of June 30, 2021, the Group has shopping malls of 5.24 million square meters (6.72 million square meters in GFA with parking space included) which have commenced operation with an occupancy rate of 97.8%. 94,000 apartments of Goyoo have commenced operation with the occupancy rate of 94.1%, 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 95.5%.

[#] Excluded Beijing Chang'an Paradise Walk etc.

Table 3: Breakdown of rental income of the Group's shopping malls from January to June 2021^{##}

* Amount excluding tax

| | January to June 2021 | | | | January to June 2020 | | | Change of rental income |
|--|------------------------|-----------------------------|----------------|-------------------|-----------------------------|----------------|-------------------|-------------------------|
| | GFA Sq _m | Rental Income RMB'000 | % of Rental | Occupancy rate | Rental income RMB'000 | % of Rental | Occupancy rate | |
| Chongqing North Paradise Walk | 120,778 | 273,096 | 7.4% | 99.5% | 232,876 | 8.7% | 98.9% | 17.3% |
| Chongqing West Paradise Walk | 76,031 | 71,583 | 1.9% | 98.1% | 72,391 | 2.7% | 95.0% | -1.1% |
| Chongqing Time Paradise Walk Phase I | 160,168 | 205,552 | 5.5% | 99.2% | 183,545 | 6.9% | 96.0% | 12.0% |
| Chongqing Time Paradise Walk Phase II | 154,460 | 140,931 | 3.8% | 97.4% | 113,443 | 4.2% | 91.6% | 24.2% |
| Chongqing Time Paradise Walk Phase III | 73,774 | 49,482 | 1.3% | 94.3% | 44,703 | 1.7% | 94.8% | 10.7% |
| Chongqing Hometown Paradise Walk | 93,152 | 70,408 | 1.9% | 100.0% | 55,247 | 2.1% | 97.2% | 27.4% |
| Chongqing U-City Paradise Walk Phase I | 15,516 | 8,994 | 0.2% | 100.0% | 7,342 | 0.3% | 96.2% | 22.5% |

| | January to June 2021 | | | | January to June 2020 | | | Change of rental income |
|--|----------------------|-----------------------------|----------------|-------------------|-----------------------------|----------------|-------------------|-------------------------|
| | GFA Sqm | Rental Income RMB'000 | % of Rental | Occupancy rate | Rental income RMB'000 | % of Rental | Occupancy rate | |
| Chongqing U-City Paradise Walk Phase II | 96,411 | 73,444 | 2.0% | 99.8% | 55,287 | 2.1% | 98.4% | 32.8% |
| Chengdu Three Thousand Paradise Walk | 38,043 | 15,935 | 0.4% | 95.0% | 17,441 | 0.6% | 83.5% | -8.6% |
| Chengdu North Paradise Walk | 215,536 | 84,824 | 2.3% | 83.8% | 86,066 | 3.2% | 89.2% | -1.4% |
| Chengdu Time Paradise Walk Phase I | 61,989 | 28,122 | 0.8% | 99.0% | 24,107 | 0.9% | 97.6% | 16.7% |
| Chengdu Jinnan Paradise Walk | 91,638 | 69,009 | 1.9% | 99.6% | 62,719 | 2.3% | 99.2% | 10.0% |
| Chengdu Xichen Paradise Walk | 152,639 | 78,979 | 2.1% | 98.0% | 72,273 | 2.7% | 91.6% | 9.3% |
| Chengdu Binjiang Paradise Walk | 140,000 | 72,877 | 2.0% | 97.6% | 68,478 | 2.6% | 97.6% | 6.4% |
| Beijing Changying Paradise Walk | 221,286 | 252,818 | 6.8% | 99.8% | 215,731 | 8.0% | 95.1% | 17.2% |
| Beijing Daxing Paradise Walk | 144,565 | 110,375 | 3.0% | 98.9% | 105,902 | 4.0% | 96.2% | 4.2% |
| Beijing Fangshan Paradise Walk | 103,688 | 97,765 | 2.6% | 100.0% | 85,865 | 3.2% | 92.4% | 13.9% |
| Beijing Chang'an Paradise Walk | 52,563 | 49,268 | 1.3% | 99.6% | 43,148 | 1.6% | 100.0% | 14.2% |
| Hangzhou Jinsha Paradise Walk | 151,135 | 142,757 | 3.9% | 99.2% | 114,504 | 4.3% | 96.0% | 24.7% |
| Hangzhou Binjiang Paradise Walk Phase I | 158,067 | 162,717 | 4.4% | 98.8% | 125,072 | 4.7% | 96.9% | 30.1% |
| Hangzhou Binjiang Paradise Walk Phase II | 22,627 | 17,977 | 0.5% | 98.5% | 16,555 | 0.6% | 94.4% | 8.6% |
| Hangzhou Xixi Paradise Walk | 130,063 | 112,684 | 3.0% | 99.2% | 100,618 | 3.8% | 98.6% | 12.0% |
| Hangzhou Zijing Paradise Walk | 83,000 | 64,839 | 1.7% | 98.5% | 60,221 | 2.2% | 97.6% | 7.7% |
| Suzhou Shishan Paradise Walk Phase I | 197,466 | 155,550 | 4.2% | 99.1% | 135,778 | 5.1% | 95.3% | 14.6% |
| Shanghai Hongqiao Paradise Walk | 170,450 | 70,268 | 1.9% | 96.0% | 69,465 | 2.6% | 84.0% | 1.2% |
| Shanghai Baoshan Paradise Walk | 98,339 | 110,561 | 3.0% | 100.0% | 95,120 | 3.6% | 96.0% | 16.2% |
| Shanghai Huajing Paradise Walk | 42,253 | 30,183 | 0.8% | 96.8% | 31,534 | 1.2% | 91.1% | -4.3% |
| Shanghai Minhang Paradise Walk | 94,859 | 81,109 | 2.2% | 99.5% | 71,054 | 2.7% | 98.4% | 14.2% |
| Changzhou Longcheng Paradise Walk | 119,328 | 56,168 | 1.5% | 99.3% | 46,986 | 1.7% | 89.9% | 19.5% |
| Hefei Yaohai Paradise Walk | 98,320 | 29,378 | 0.8% | 94.3% | 42,175 | 1.6% | 90.8% | -30.3% |
| Nanjing Liuhe Paradise Walk | 108,000 | 34,538 | 0.9% | 91.7% | 49,951 | 1.9% | 97.1% | -30.9% |
| Nanjing Longwan Paradise Walk | 120,367 | 88,024 | 2.4% | 99.6% | 11,868 | 0.4% | 99.2% | 641.7% |
| Nanjing Jiangbei Paradise Walk | 146,286 | 76,601 | 2.1% | 98.0% | - | - | - | - |
| Xi'an Xiangti Paradise Walk | 78,962 | 37,127 | 1.0% | 100.0% | - | - | - | - |
| Chongqing Jinsha Paradise Walk | 204,113 | 166,551 | 4.5% | 99.4% | - | - | - | - |
| Chengdu Shangcheng Paradise Walk | 114,227 | 68,285 | 1.8% | 97.9% | - | - | - | - |
| Chengdu Time Paradise Walk Phase II | 63,183 | 27,494 | 0.7% | 99.1% | - | - | - | - |
| Suzhou Xinghu Paradise Walk | 112,537 | 56,288 | 1.5% | 99.4% | - | - | - | - |
| Chongqing Lijia Paradise Walk | 110,508 | 62,592 | 1.7% | 98.6% | - | - | - | - |
| Ji'nan Olympic Sports Center Paradise Walk | 77,571 | 42,912 | 1.2% | 99.5% | - | - | - | - |
| Beijing Lize Paradise Walk | 92,014 | 34,702 | 0.9% | 99.9% | - | - | - | - |
| Suzhou Shishan Paradise Walk Phase II | 12,259 | 4,001 | 0.1% | 100.0% | - | - | - | - |
| Changsha Yanghu Paradise Walk | 101,629 | 14,536 | 0.4% | 99.0% | - | - | - | - |
| Wuhan Jiangchen Paradise Walk | 138,583 | 14,064 | 0.4% | 98.1% | - | - | - | - |
| Chengdu Jincheng Paradise Walk | 83,000 | 5,866 | 0.2% | 98.8% | - | - | - | - |
| Paradise Walk Subtotal | 4,941,383 | 3,521,234 | 95.0% | 97.8% | 2,517,465 | 94.2% | 94.7% | 39.9% |
| Chongqing Crystal Castle | 16,161 | 11,821 | 0.3% | 99.8% | 11,007 | 0.4% | 100.0% | 7.4% |
| Chongqing Chunsen Starry Street | 54,618 | 19,664 | 0.5% | 97.1% | 18,240 | 0.7% | 97.7% | 7.8% |
| Chongqing Fairy Castle | 29,413 | 5,939 | 0.2% | 100.0% | 6,436 | 0.2% | 100.0% | -7.7% |
| Beijing Summer Palace Starry Street | 6,320 | 13,306 | 0.4% | 100.0% | 12,518 | 0.5% | 100.0% | 6.3% |
| Xi'an Daxing Starry Street | 44,227 | 31,534 | 0.9% | 99.2% | 28,206 | 1.0% | 94.5% | 11.8% |
| Xi'an Qujiang Starry Street | 63,206 | 39,253 | 1.1% | 99.5% | 35,808 | 1.3% | 89.5% | 9.6% |
| Shanghai Minhang Starry Street | 24,740 | 12,970 | 0.3% | 83.6% | 14,956 | 0.6% | 88.6% | -13.3% |
| Chengdu Wuhou Starry Street | 31,469 | 15,737 | 0.4% | 100.0% | - | - | - | - |
| Others | - | 17,629 | 0.5% | - | 12,760 | 0.5% | - | 38.2% |

| | January to June 2021 | | | | January to June 2020 | | | Change of rental income |
|--|-------------------------|-----------------------------|----------------------|---------------------|-----------------------------|----------------------|---------------------|-------------------------|
| | GFA Sqm | Rental Income RMB'000 | % of Rental | Occupancy rate | Rental income RMB'000 | % of Rental | Occupancy rate | |
| Starry Street Subtotal | 270,154 | 167,853 | 4.5% | 97.9% | 139,931 | 5.2% | 95.1% | 20.0% |
| Chongqing MOCO | 29,104 | 16,949 | 0.5% | 96.5% | 15,981 | 0.6% | 96.0% | 6.1% |
| MOCO Subtotal | <u>29,104</u> | <u>16,949</u> | <u>0.5%</u> | <u>96.5%</u> | <u>15,981</u> | <u>0.6%</u> | <u>96.0%</u> | <u>6.1%</u> |
| Total for projects that had commenced operation | <u>5,240,641</u> | <u>3,706,036</u> | <u>100.0%</u> | <u>97.8%</u> | <u>2,673,377</u> | <u>100.0%</u> | <u>94.7%</u> | <u>38.6%</u> |

From January to June 2021, the total sales volume of shopping malls were RMB22.2 billion, representing an increase of 100% over the same period last year. Average daily foot traffic was 2.01 million, representing an increase of 105% over the same period last year.

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 |
|---------------------------------------|---|--------------------|
| Nanjing Hexi Paradise Walk | 2021 | 112,358 |
| Hangzhou Jiangdong Paradise Walk | 2021 | 107,125 |
| Suzhou Dongwu Paradise Walk | 2021 | 114,200 |
| Hangzhou Dingqiao Paradise Walk | 2021 | 117,944 |
| Chongqing Gongyuan Paradise Walk | 2021 | 138,034 |
| Beijing Xiyue Paradise Walk | 2021 | 105,003 |
| Shanghai Jinhui Paradise Walk | 2022 and hereafter | 72,559 |
| Nanchang Qingshanhu Paradise Walk | 2022 and hereafter | 95,400 |
| Shanghai Fengxian Paradise Walk | 2022 and hereafter | 104,163 |
| Chongqing Time Paradise Walk Phase IV | 2022 and hereafter | 74,725 |
| Qingdao Jiaozhou Paradise Walk | 2022 and hereafter | 81,463 |
| Shenyang Hunnan Paradise Walk | 2022 and hereafter | 81,000 |
| Beijing Yizhuang Paradise Walk | 2022 and hereafter | 107,201 |
| Chongqing Gaoxin Paradise Walk | 2022 and hereafter | 118,642 |
| Wuhan Baisha Paradise Walk Phase I | 2022 and hereafter | 101,008 |
| Wuhan Baisha Paradise Walk Phase II | 2022 and hereafter | 35,963 |
| Nanning Qingxiu Paradise Walk | 2022 and hereafter | 111,709 |
| Chongqing Longxing Paradise Walk | 2022 and hereafter | 75,652 |
| Chengdu Shuxin Paradise Walk | 2022 and hereafter | 122,854 |
| Ningbo Yinzhou Paradise Walk | 2022 and hereafter | 106,065 |
| Ningbo Haishu Paradise Walk | 2022 and hereafter | 67,728 |
| Kunming Time Paradise Walk | 2022 and hereafter | 110,000 |
| Haikou Kunfu Paradise Walk | 2022 and hereafter | 222,193 |
| Changzhou Yuanshan Paradise Walk | 2022 and hereafter | 81,267 |

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 RMB2.55 billion from January to June 2021.

COST CONTROL

From January to June 2021, the Group started business in new cities continuously and obtained new projects. In order to support the development of our business, gather high-level of talents and enhance the efficiency of the organization, the Group’s general and administrative expenses to the total contracted sales increased by 0.7% to 3.3% over the same period last year. Meanwhile, as the Group has increased its marketing expenses to strengthen its brand influence, the selling expenses to the total contracted sales increased by 0.1% to 1.6% over the same period last year.

SHARE OF RESULTS OF JOINT VENTURES

From January to June 2021, the contribution of joint ventures was mainly from the Group’s 50%-owned Nanjing Wanshou Road Project. The attributable profit after tax of the Group in joint ventures was RMB694 million.

SHARE OF RESULTS OF ASSOCIATES

From January to June 2021, the attributable profit after tax of the Group in associates was RMB6 million.

INCOME TAX EXPENSE

Income tax expenses comprised PRC enterprise income tax and land appreciation tax. From January to June 2021, the enterprise income tax and the land appreciation tax of the Group were RMB2.67 billion and RMB1.07 billion, respectively. The total income tax expenses for the period amounted to RMB3.74 billion.

PROFITABILITY

From January to June 2021, the Group’s core net profit margin was 13.6%, as compared with 14.6% of the corresponding period of last year and the core net profit margin attributable to shareholders was 10.2%, as compared with 10.3% of the corresponding period of last year. The above is mainly due to the increase of revenue during the current year and the combined effects of expenses, share of results of joint ventures and associates and the changes of income tax expense.

LAND BANK REPLENISHMENT

As at June 30, 2021, the Group's total land bank was 77.17 million square meters or 53.67 million square meters on an attributable basis. The average unit land cost was RMB5,323 per square meter, accounting for 30.8% of unit price of current contracted sales. In terms of regional breakdown, land bank in Pan Bohai Rim, western China, Yangtze River Delta, central China, southern China and Hong Kong China accounted for 34.4%, 26.0%, 15.5%, 12.4%, 11.6% and 0.1% of the total land bank, respectively.

From January to June 2021, the Group has acquired new land bank with total GFA of 12.92 million square meters or 7.23 million square meters on an attributable basis. Average cost of acquisition on an attributable basis was RMB5,382 per square meter. In terms of regional breakdown, the newly acquired area of western China, central China, Yangtze River Delta, Pan Bohai Rim and southern China accounted for 34.9%, 22.9%, 18.3%, 13.8% and 10.1% of the total GFA of the newly acquired land bank.

Subsequent to the end of the reporting period[#], the Group acquired new land bank with total GFA of 0.79 million square meters or 0.62 million square meters on an attributable basis. In terms of regional breakdown, land bank newly acquired subsequent to the end of the reporting period in southern China, central China, Yangtze River Delta and Pan Bohai Rim accounted for 39.5%, 26.2%, 20.4% and 13.9% of the total GFA of the land bank newly acquired subsequent to the end of the reporting period, respectively.

Currently, there are 67 cities covered by the Group[#]. In addition to focusing on the 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, 2021

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

Table 5: Breakdown of land bank of the Group

| Region | City | Total GFA Sqm | % of Total | Attributable GFA Sqm | % of Total |
|---------------|-----------------|-------------------|-------------------|----------------------------|-------------------|
| Pan Bohai Rim | Beijing | 2,239,750 | 2.9% | 895,117 | 1.7% |
| | Shenyang | 3,931,677 | 5.1% | 2,745,152 | 5.1% |
| | Qingdao | 3,885,134 | 5.0% | 2,532,559 | 4.7% |
| | Yantai | 7,482,511 | 9.7% | 7,414,596 | 13.8% |
| | Ji'nan | 2,704,977 | 3.5% | 2,066,033 | 3.8% |
| | Dalian | 318,177 | 0.4% | 188,583 | 0.4% |
| | Tianjin | 1,453,452 | 1.9% | 1,022,736 | 1.9% |
| | Baoding | 539,711 | 0.7% | 377,798 | 0.7% |
| | Shijiazhuang | 879,738 | 1.1% | 599,034 | 1.1% |
| | Weihai | 293,725 | 0.4% | 198,509 | 0.4% |
| | Taiyuan | 532,005 | 0.7% | 532,005 | 1.0% |
| | Changchun | 1,734,823 | 2.2% | 1,405,413 | 2.6% |
| | Tangshan | 436,662 | 0.6% | 274,905 | 0.5% |
| | Jinzhong | 186,317 | 0.2% | 186,317 | 0.3% |
| | | Subtotal | 26,618,659 | 34.4% | 20,438,757 |
| Central China | Changsha | 2,012,386 | 2.6% | 1,469,239 | 2.7% |
| | Wuhan | 4,217,730 | 5.4% | 2,134,997 | 4.0% |
| | Nanchang | 440,245 | 0.6% | 375,426 | 0.7% |
| | Zhengzhou | 984,778 | 1.3% | 649,129 | 1.2% |
| | Ganzhou | 118,610 | 0.2% | 42,700 | 0.1% |
| | Ezhou | 1,786,021 | 2.3% | 625,107 | 1.2% |
| | Subtotal | 9,559,770 | 12.4% | 5,296,598 | 9.9% |
| Western China | Chongqing | 7,906,818 | 10.2% | 5,236,350 | 9.8% |
| | Chengdu | 3,046,191 | 3.9% | 2,059,582 | 3.8% |
| | Xi'an | 1,165,012 | 1.5% | 942,304 | 1.8% |
| | Yuxi | 723,458 | 0.9% | 723,458 | 1.3% |
| | Guiyang | 2,613,690 | 3.4% | 1,583,143 | 3.0% |
| | Kunming | 1,986,999 | 2.6% | 1,203,300 | 2.2% |
| | Xianyang | 1,783,820 | 2.3% | 1,036,560 | 1.9% |
| | Lanzhou | 902,095 | 1.2% | 664,542 | 1.2% |
| | Subtotal | 20,128,083 | 26.0% | 13,449,239 | 25.0% |

| Region | City | Total GFA <i>Sqm</i> | % of Total | Attributable GFA <i>Sqm</i> | % of Total |
|---------------------|-----------------|-------------------------|-------------------|-----------------------------------|------------------|
| Yangtze River Delta | Shanghai | 733,328 | 1.0% | 426,933 | 0.8% |
| | Wuxi | 607,312 | 0.8% | 372,531 | 0.7% |
| | Changzhou | 483,793 | 0.6% | 483,793 | 0.9% |
| | Hangzhou | 2,003,923 | 2.6% | 1,285,945 | 2.4% |
| | Nantong | 123,690 | 0.2% | 86,583 | 0.2% |
| | Shaoxing | 757,891 | 1.0% | 402,555 | 0.8% |
| | Wenzhou | 773,724 | 1.0% | 683,105 | 1.3% |
| | Ningbo | 1,004,917 | 1.3% | 723,082 | 1.3% |
| | Suzhou | 1,493,639 | 1.9% | 778,343 | 1.5% |
| | Nanjing | 1,419,182 | 1.8% | 1,180,379 | 2.2% |
| | Hefei | 1,531,345 | 2.0% | 1,412,411 | 2.6% |
| | Jiaxing | 327,400 | 0.4% | 163,700 | 0.3% |
| | Xuzhou | 39,454 | 0.1% | 20,121 | 0.0% |
| | Yangzhou | 213,337 | 0.3% | 213,337 | 0.4% |
| | Taizhou | 266,108 | 0.3% | 159,665 | 0.3% |
| | Yancheng | 167,680 | 0.2% | 167,680 | 0.3% |
| | | Subtotal | 11,946,723 | 15.5% | 8,560,163 |
| Southern China | Xiamen | 685,630 | 0.9% | 359,522 | 0.7% |
| | Quanzhou | 203,022 | 0.3% | 167,887 | 0.3% |
| | Guangzhou | 749,016 | 1.0% | 511,273 | 1.0% |
| | Shenzhen | 110,400 | 0.1% | 110,400 | 0.2% |
| | Fuzhou | 1,705,151 | 2.2% | 1,135,868 | 2.1% |
| | Foshan | 312,609 | 0.4% | 250,087 | 0.5% |
| | Zhuhai | 603,211 | 0.8% | 174,454 | 0.3% |
| | Dongguan | 531,872 | 0.7% | 368,504 | 0.7% |
| | Nanning | 778,230 | 1.0% | 433,322 | 0.8% |
| | Zhongshan | 39,296 | 0.1% | 39,296 | 0.1% |
| | Maoming | 98,053 | 0.1% | 98,053 | 0.2% |
| | Huizhou | 967,086 | 1.3% | 668,579 | 1.2% |
| | Haikou | 811,135 | 1.1% | 811,135 | 1.5% |
| | Jiangmen | 285,695 | 0.4% | 142,848 | 0.3% |
| | Zhaoqing | 237,548 | 0.3% | 166,283 | 0.3% |
| | Qingyuan | 252,035 | 0.3% | 127,497 | 0.2% |
| | Putian | 170,139 | 0.2% | 102,083 | 0.2% |
| | Sanya | 103,162 | 0.1% | 103,162 | 0.2% |
| Zhanjiang | 141,766 | 0.2% | 72,301 | 0.1% | |
| Ningde | 72,913 | 0.1% | 51,039 | 0.1% | |
| | Subtotal | 8,857,969 | 11.6% | 5,893,593 | 11.0% |
| Hong Kong China | Hong Kong | 54,459 | 0.1% | 27,229 | 0.1% |
| | Subtotal | 54,459 | 0.1% | 27,229 | 0.1% |
| | Total | 77,165,663 | 100.0% | 53,665,579 | 100.0% |

Table 6: Land acquisition from January to June 2021

| Region | Project | City | Attributable Interest % | Total GFA Sqm | Attributable GFA Sqm | |
|---|--|---------------|-------------------------|---------------|----------------------|------------------|
| Pan Bohai Rim | No. 3 Sunjiazhuang Plot | Tangshan | 50.0% | 99,611 | 49,805 | |
| | Dadong District Wanghua Plot | Shenyang | 70.0% | 184,003 | 128,802 | |
| | Xuanxing 4th Road Project | Shenyang | 35.0% | 283,284 | 99,149 | |
| | Shenfu New District Development & Investment Project | Shenyang | 51.0% | 177,494 | 90,522 | |
| | Guigu Avenue North Plot | Changchun | 35.0% | 107,471 | 37,615 | |
| | Maoxiang Street Plot | Changchun | 40.0% | 99,081 | 39,632 | |
| | Shui Du Project | Changchun | 60.0% | 215,695 | 129,417 | |
| | Liangzigu Industrial Park Plot | Ji'nan | 95.0% | 161,231 | 153,169 | |
| | Houtaolin Plot | Qingdao | 51.0% | 57,586 | 29,369 | |
| | Simenshou Road Small Plot | Qingdao | 70.0% | 25,796 | 18,057 | |
| | Style Town Plot | Tianjin | 70.0% | 372,315 | 260,621 | |
| | Subtotal | | | | 1,783,567 | 1,036,158 |
| | Western China | Yi He Palace | Chengdu | 70.0% | 68,496 | 47,947 |
| | | Verdant Villa | Chengdu | 70.0% | 163,276 | 114,293 |
| Scholar's Mansion | | Chengdu | 70.0% | 23,734 | 16,614 | |
| Southwest Sea Project B | | Kunming | 60.0% | 78,226 | 46,935 | |
| Southwest Sea Project R | | Kunming | 60.0% | 112,374 | 67,424 | |
| No. 23 Dong'an Street Plot | | Chengdu | 75.0% | 415,833 | 311,875 | |
| Land Bridge Project | | Lanzhou | 70.0% | 105,585 | 73,910 | |
| Tongjian Road Plot | | Xi'an | 100.0% | 51,129 | 51,129 | |
| Longfor Origin | | Chongqing | 51.0% | 352,120 | 179,581 | |
| Artistic Garden | | Chongqing | 51.0% | 148,765 | 75,870 | |
| Lu Chen | | Chongqing | 50.0% | 626,053 | 313,026 | |
| Never Land | | Chongqing | 51.0% | 104,004 | 53,042 | |
| Guanshanhu District Party School Plot | | Guiyang | 51.0% | 521,509 | 265,970 | |
| The Light Year Plot – Residential portion | | Lanzhou | 70.0% | 481,866 | 337,306 | |
| The Light Year Plot – Commercial portion | | Lanzhou | 100.0% | 110,250 | 110,250 | |
| Bright City | | Chongqing | 50.0% | 989,891 | 494,946 | |
| Dadukou Paradise Walk Plot | | Chongqing | 100.0% | 154,194 | 154,194 | |
| Subtotal | | | | | 4,507,305 | 2,714,312 |

| Region | Project | City | Attributable Interest % | Total GFA Sqm | Attributable GFA Sqm | |
|-------------------------|--|------------------------------|--------------------------------|----------------------|-----------------------------|------------------|
| Yangtze River Delta | Zhongxing Road Plot | Suzhou | 25.0% | 160,177 | 40,044 | |
| | Nanghai Future City Plot | Yancheng | 100.0% | 167,680 | 167,680 | |
| | Yinquan West Road Plot | Nanjing | 100.0% | 89,112 | 89,112 | |
| | Shuofang Middle School East Plot B, Shuofang Middle School South Plot | Wuxi | 51.0% | 122,541 | 62,496 | |
| | Xicheng Canel Plot | Wuxi | 70.0% | 47,700 | 33,390 | |
| | Beilun Riverside New Town Plot | Ningbo | 50.0% | 413,788 | 206,894 | |
| | No. 31 Sudi Plot | Suzhou | 30.0% | 501,922 | 150,577 | |
| | Jiangpu Street Block – Residential portion | Nanjing | 75.0% | 236,449 | 177,337 | |
| | Jiangpu Street Block – Commercial portion | Nanjing | 100.0% | 145,949 | 145,949 | |
| | Fengshou Lake Plot – Residential and long-term rental apartments portion | Hangzhou | 70.0% | 285,198 | 199,639 | |
| | Fengshou Lake Plot – Commercial portion | Hangzhou | 100.0% | 195,874 | 195,874 | |
| | Subtotal | | | | 2,366,390 | 1,468,992 |
| | Central China | Sino-French Terminus Project | Wuhan | 100.0% | 224,382 | 224,382 |
| Honglianhu Road Project | | Ezhou | 35.0% | 1,786,021 | 625,107 | |
| Bamboo Grove | | Changsha | 51.0% | 410,166 | 209,185 | |
| Jin Xing North Plot | | Changsha | 51.0% | 199,689 | 101,841 | |
| Chunjiang Tian Yue | | Zhengzhou | 65.0% | 136,535 | 88,748 | |
| Qihu Mansion | | Zhengzhou | 51.0% | 82,933 | 42,296 | |
| Glorious Mansion | | Zhengzhou | 60.0% | 116,966 | 70,180 | |
| Subtotal | | | | 2,956,692 | 1,361,739 | |
| Southern China | Qinghui Road Plot | Qingyuan | 51.0% | 136,346 | 69,537 | |
| | Haihe South Road Plot | Zhanjiang | 51.0% | 141,766 | 72,301 | |
| | Xintang Street Plot | Quanzhou | 51.0% | 71,704 | 36,569 | |
| | Jinshan Lake Project | Huizhou | 78.0% | 225,373 | 175,791 | |
| | Yuwan Project | Zhuhai | 25.0% | 508,606 | 127,151 | |
| | Yangxia Street Plot | Fuzhou | 70.0% | 97,917 | 68,542 | |
| | Helin Plot | Fuzhou | 100.0% | 47,543 | 47,543 | |
| | Sandua Plot P01 | Ningde | 70.0% | 72,913 | 51,039 | |
| Subtotal | | | | 1,302,168 | 648,473 | |
| Total | | | | 12,916,122 | 7,229,674 | |

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

Table 7: Land acquisition subsequent to the end of the period[#]

| Region | Project | City | Attributable Interest % | Expected GFA Sqm | Attributable GFA Sqm |
|---------------------|---------------------------------|-------------|--------------------------------|-------------------------|-----------------------------|
| Pan Bohai Rim | No. 154 Binhe Road East Project | Changchun | 51.0% | 109,854 | 56,026 |
| | Subtotal | | | 109,854 | 56,026 |
| Yangtze River Delta | Xiwang Road Plot | Nantong | 100.0% | 50,357 | 50,357 |
| | Dongxin Unit Project | Hangzhou | 32.0% | 40,824 | 13,064 |
| | Biyun Road North Project | Suzhou | 28.0% | 69,892 | 19,570 |
| | Subtotal | | | 161,073 | 82,991 |
| Central China | Gannan Road South Plot | Ganzhou | 100.0% | 27,347 | 27,347 |
| | Rongjiang Road East Plot | Ganzhou | 100.0% | 69,472 | 69,472 |
| | Binjiang Road South Plot | Ganzhou | 100.0% | 62,392 | 62,392 |
| | Xuhui Road North Plot | Ganzhou | 100.0% | 47,467 | 47,467 |
| | Subtotal | | | 206,678 | 206,678 |
| Southern China | Xingxian Road Plot | Quanzhou | 100.0% | 229,180 | 229,180 |
| | Renmin Road South Project | Zhanjiang | 51.0% | 30,182 | 15,393 |
| | Jinshan Lake Island Project | Huizhou | 50.0% | 52,671 | 26,336 |
| | Subtotal | | | 312,033 | 270,909 |
| | Total | | | 789,638 | 616,604 |

[#] As of July 31, 2021

FINANCIAL POSITION

As at June 30, 2021, the Group's consolidated borrowings amounted to RMB191.82 billion. Cash in hand was RMB99.47 billion*. The net debt to equity ratio (net debt divided by total equity) was 46.0%. Liabilities to asset ratio (ex. Pre-sale Deposits)** was 68.3%. 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 positive outlook from Fitch and stable outlook from others.

* *Of them, the regulated pre-sale funds amounted to RMB28.11 billion*

** *Liabilities to asset ratio (ex. Pre-sale Deposits) = (total liabilities – Pre-sale Deposits)/(total assets – Pre-sale Deposits)*

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

Approximately 73.4% of the Group's total borrowings were denominated in RMB, while 26.6% were denominated in foreign currencies. The Group keeps maintaining 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 RMB77.97 billion of the Group's consolidated borrowings were with fixed interest rates ranging from 3.30% per annum to 5.00% per annum, depending on the terms of the loans, and the other loans were quoted at floating rates. As of June 30, 2021, the proportion of fixed interest debt was 41% (December 31, 2020: 46%) of the total debt.

The Group's average cost of borrowing was 4.21% per annum. The average maturity period of loan was 6.18 years. The proportion of unsecured debt was 75.0% of the total debt. As of June 30, 2021, the debt due within one year was RMB18.14 billion, accounting for 9.5% of the total debt. Excluding pledged bank deposits and regulated pre-sale funds, cash to short-term debt ratio was 3.91X.

In the first half of 2021, the Group successfully issued corporate bonds of RMB6.0 billion in the domestic capital market, at a coupon rate ranging from 3.50% to 4.40% per annum with terms ranging from five to seven years.

Subsequent to the reporting period, in August 2021, the Group successfully issued corporate bonds of RMB3.0 billion in the domestic capital market, at a coupon rate ranging from 3.35% to 3.70% per annum with terms ranging from five to seven years.

EMPLOYEES AND COMPENSATION POLICY

As at June 30, 2021, the Group had 42,570 full-time employees. Of these employees, 11,593 worked in the property development business, 2,723 in the property investment business, and 28,254 in the property management and other business. Average age of our employees is 34.1 years old.

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of the 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 of the year, given global economic recovery and consistent and steady domestic macroeconomic policies, the Chinese economy demonstrated performance within its reasonable range and the monetary policy maintained stable, flexible and precise. As an economic stabilizer, the real estate sector showed steady performance, with the sales of property hitting a new record. Under the long-term mechanism, "housing is for living and not for speculation" remains the overarching theme of the sector. Government regulation regarding demand, supply, and funding accelerated the differentiation among real estate developers and the advantages of strong players became even more apparent.

Adhering to the strategy of "Space as a Service", the Group is dedicated to comprehensive and coordinated development of its six core businesses, which are property development, commercial property, rental housing, smart service, housing agency service, and housing decoration. We take strategic insights on industry opportunities brought by technological innovation and embrace changes while solidifying our main businesses by focusing on customers. We improve our overall professional capacity, and constantly upgrade operation system to improve organizational efficiency.

In the first half of the year, as consumption was on track to normalization, despite the resurgence of COVID-19 in a number of cities nationwide, we opened five new Paradise Walk as planned with excellent commercial property operation and management capability. Malls in business also showed signs of steady recovery, with their sales improving by 60% for the same store on the same period last year and foot traffic gradually regaining pre-COVID levels. As we accelerate the launch of new malls, our commercial property business will see steady revenue growth.

In terms of smart service, our front-line staff remained in their positions to serve during the resurgence of COVID-19 and the devastating Henan flood. Their dedication further enhanced the trust and stickiness of proprietors and tenants with Longfor. Proprietors and tenants' recognition of our service quality is an important driving force for our progress. In the first half of the year, revenue of our smart service increased by 57% year-on-year, and customer satisfaction exceeded 90% for 12 consecutive years. In the future, in addition to ensuring service quality, Longfor Smart Service will explore more diverse services based on the real needs of users to realize steady growth.

In the second half of 2021, the Group will have 222 major projects on sale, among which 34 are brand-new projects, and 139 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 7.5 million square meters in January to June 2021, and plans to complete properties with a total GFA of approximately 25 million square meters in 2021, most of which will be completed in the second half of the year. The project's construction and sales are in pace.

In terms of investment property, several commercial operations opened in the first half of 2021, including Beijing Lize Paradise Walk, Suzhou Shishan Paradise Walk Phase II, Changsha Yanghu Paradise Walk, Wuhan Imperial Paradise Walk, Chengdu Jinchen Paradise Walk and etc. Numbers of Paradise Walk will be open in cities like Nanjing, Beijing, Hangzhou and so on in the second half of 2021. As one of the core businesses, "Goyoo", the rental housing business, was opened and operated in tier-1 and tier-2 cities such as Beijing, Shanghai, Shenzhen, Hangzhou, Nanjing, Chongqing and Chengdu, 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.

MATERIAL ACQUISITIONS AND DISPOSALS

As at June 30, 2021, the Group did not conduct any material acquisitions and disposals.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSET

Save as disclosed in this announcement, the Group had not authorized any plan for material investments or acquisition of capital asset as of the date of this announcement.

PAYMENT OF INTERIM DIVIDEND

The Board declared payment of an interim dividend of RMB0.47 per share for the six months ended June 30, 2021. 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 Monday, December 13, 2021 to Tuesday, December 14, 2021. The interim dividend will be paid on Monday, January 24, 2022 to the shareholders whose names appear on the register of members of the Company on Wednesday, December 22, 2021.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, December 20, 2021 to Wednesday, December 22, 2021, 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 54th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, December 17, 2021.

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

During the six months ended June 30, 2021, the trustee of the Restricted Share Award Scheme purchased on The Stock Exchange of Hong Kong Limited a total of 31,701,443 shares at a total consideration of approximately HKD1,500,087,692 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, 2021.

CORPORATE GOVERNANCE

During the six months ended June 30, 2021, the Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules except for the following deviation:

During the six months ended June 30, 2021, the Company has not established Nomination Committee as required by the provision A.5 of the Code. Madam Wu Yajun, Chairperson of the Board, is responsible for the nomination and appointment of directors. Madam Wu, as the Chairperson of the Board, will review and discuss with other Board members on the structure, size and composition (including the skills, knowledge and experience) of the Board from time to time based on the requirements matching up with the Company’s corporate strategy, and identify individuals suitably qualified to become board members and make recommendations to the Board on individuals nominated for directorships. The Board is of view that Chairperson being responsible for the nomination of directorship is more appropriate to reflect the Company’s status quo than the establishment of Nomination Committee.

During the process of evaluating and selecting candidates for directorship, qualifications including professional skills and experience, and willingness to devote adequate time to discharging duties as member of the Board, will be considered. Further, the candidates would be considered his/her independence with reference to the independence guidelines set out in the Listing Rules.

According to the actual situation of the Company, the Board of the Company is of view that Chairperson being responsible for the nomination of directorship is more appropriate than the establishment of Nomination Committee at current period. The Board of the Company will review the existing nomination policy, nomination of director by the Chairperson from time to time.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the six months ended June 30, 2021.

AUDIT COMMITTEE

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, 2021 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, 2021.

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 2021 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 25, 2021

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