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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)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022**

#### **FINANCIAL SUMMARY**

- Contracted sales amounted to RMB201.59 billion with the corresponding sale of gross floor area (GFA) of 13.047 million square meters.
- Revenue increased by 12.2% to RMB250.57 billion as compared with that of last year.
- Profit attributable to shareholders was RMB24.36 billion. Excluding effects of fair value changes, core net profit attributable to shareholders increased by 0.5% to RMB22.54 billion as compared with that of last year. Gross profit was RMB53.04 billion with gross profit margin of 21.2%. Core net profit margin was 12.3%, and core net profit margin attributable to shareholders was 9.0%.
- The net debt to equity ratio (net debt divided by total equity) was 58.1%. Cash in hand was RMB72.62 billion.
- Consolidated total borrowing was RMB208.01 billion and average cost of borrowing was 4.10% per annum. Average maturity period of loan was 6.67 years.
- Basic earnings per share were RMB4.084. Excluding effects of fair value changes, core basic earnings per share was RMB3.779. The Board recommends a final dividend of RMB0.80 per share. Together with the interim dividend of RMB0.33 per share, the total dividend was RMB1.13 per share.

## ANNUAL RESULTS

The Board of Directors (the “Board”) of Longfor Group Holdings Limited (“Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended December 31, 2022 with comparative figures for the preceding financial year, are follow:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	<i>NOTES</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	2	<b>250,565,107</b>	223,375,477
Cost of sales		<b><u>(197,526,615)</u></b>	<u>(166,834,534)</u>
Gross profit		<b>53,038,492</b>	56,540,943
Other income	3	<b>1,949,742</b>	2,440,827
Other gains and losses	4	<b>(36,565)</b>	181,958
Lease liability charges		<b>(888,159)</b>	(786,022)
Fair value gain upon transfer to investment properties		–	3,256
Change in fair value of investment properties		<b>2,887,575</b>	2,846,330
Change in fair value of other derivative financial instruments		<b>(260,138)</b>	(102,152)
Selling and marketing expenses		<b>(5,337,715)</b>	(5,463,606)
Administrative expenses		<b>(6,794,312)</b>	(10,820,974)
Finance costs	5	<b>(158,193)</b>	(146,273)
Share of results of associates		<b>425,322</b>	1,343,606
Share of results of joint ventures		<b><u>996,152</u></b>	<u>1,588,881</u>
Profit before taxation		<b>45,822,201</b>	47,626,774
Income tax expense	6	<b><u>(12,999,484)</u></b>	<u>(15,838,580)</u>
Profit for the year	7	<b><u>32,822,717</u></b>	<u>31,788,194</u>
Profit attributable to:			
Owners of the Company		<b>24,362,046</b>	23,853,686
Non-controlling interests		<b><u>8,460,671</u></b>	<u>7,934,508</u>
		<b><u>32,822,717</u></b>	<u>31,788,194</u>

	<i>NOTES</i>	<b>2022</b> <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year		<u><b>32,822,717</b></u>	<u>31,788,194</u>
Other comprehensive income (expense):			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI")		<u><b>1,093,507</b></u>	<u>2,644,579</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value gain (loss) on hedging instruments		<b>653,411</b>	(900,484)
(Loss) gain on hedging instruments reclassified to profit or loss		<u><b>(3,721,941)</b></u>	<u>571,083</u>
		<u><b>(3,068,530)</b></u>	<u>(329,401)</u>
Total other comprehensive (expense) income		<u><b>(1,975,023)</b></u>	<u>2,315,178</u>
Total comprehensive income for the year		<u><b>30,847,694</b></u>	<u>34,103,372</u>
Total comprehensive income attributable to:			
Owners of the Company		<b>22,387,023</b>	26,168,864
Non-controlling interests		<u><b>8,460,671</b></u>	<u>7,934,508</u>
		<u><b>30,847,694</b></u>	<u>34,103,372</u>
Earnings per share, in RMB			
Basic	9	<u><b>4.08</b></u>	<u>4.05</u>
Diluted	9	<u><b>4.05</b></u>	<u>3.99</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2022**

	<i>NOTES</i>	<b>2022</b>	2021
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		<b>187,671,060</b>	174,765,290
Property, plant and equipment		<b>2,770,400</b>	3,649,054
Right-of-use assets		<b>1,349,672</b>	1,696,354
Goodwill		<b>3,834,757</b>	3,838,796
Intangible assets		<b>2,196,421</b>	2,403,421
Interests in associates		<b>15,904,823</b>	15,110,869
Interests in joint ventures		<b>13,281,430</b>	11,636,049
Equity instruments designated at FVTOCI		<b>8,108,525</b>	7,168,444
Derivative financial instruments		<b>201,834</b>	103,390
Deferred taxation assets		<b>11,217,441</b>	10,891,252
		<b><u>246,536,363</u></b>	<u>231,262,919</u>
<b>CURRENT ASSETS</b>			
Inventories of properties		<b>325,035,092</b>	404,909,289
Other inventories		<b>434,123</b>	582,977
Deposits paid for acquisition of properties held for development		<b>5,851,083</b>	8,450,249
Accounts and other receivables, deposits and prepayments	<i>10</i>	<b>29,819,796</b>	37,466,266
Contract cost		<b>1,270,657</b>	523,650
Amounts due from non-controlling interests		<b>70,056,337</b>	73,228,617
Amounts due from associates		<b>6,969,133</b>	13,124,333
Amounts due from joint ventures		<b>15,597,233</b>	7,823,170
Taxation recoverable		<b>12,380,706</b>	9,663,584
Financial assets at fair value through profit or loss (“FVTPL”)		<b>34,933</b>	76,000
Derivative financial instruments		<b>164,665</b>	5,507
Pledged bank deposits		<b>528,886</b>	430,291
Bank balances and cash		<b>72,095,409</b>	88,104,255
		<b><u>540,238,053</u></b>	<u>644,388,188</u>

	<i>NOTES</i>	<b>2022</b>	2021
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Accounts and bills payables, other payables and accrued charges	<i>11</i>	<b>93,447,704</b>	134,185,492
Contract liabilities		<b>125,176,251</b>	194,874,180
Amounts due to non-controlling interests		<b>42,652,900</b>	45,865,816
Amounts due to associates		<b>11,655,376</b>	10,496,275
Amounts due to joint ventures		<b>6,897,980</b>	8,112,495
Taxation payable		<b>33,611,306</b>	37,014,384
Financial liabilities at FVTPL		<b>51,905</b>	–
Lease liabilities – due within one year		<b>1,460,684</b>	1,383,369
Bank and other borrowings – due within one year		<b>20,657,172</b>	11,585,127
Senior notes – due within one year		–	2,915,987
Derivative financial instruments		<b>114,562</b>	108,908
Other derivative financial instrument		<b>149,494</b>	876
		<b><u>335,875,334</u></b>	<u>446,542,909</u>
<b>NET CURRENT ASSETS</b>		<b><u>204,362,719</u></b>	<u>197,845,279</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b><u>450,899,082</u></b>	<u>429,108,198</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		<b>546,290</b>	528,529
Reserves		<b>141,554,069</b>	124,420,716
Equity attributable to owners of the Company		<b>142,100,359</b>	124,949,245
Non-controlling interests		<b>91,078,731</b>	96,928,363
<b>TOTAL EQUITY</b>		<b><u>233,179,090</u></b>	<u>221,877,608</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred consideration payable		<b>454,913</b>	460,405
Financial liabilities at FVTPL		<b>60,223</b>	112,762
Lease liabilities – due after one year		<b>13,402,662</b>	14,684,321
Bank and other borrowings – due after one year		<b>174,145,759</b>	162,855,029
Senior notes – due after one year		<b>13,205,169</b>	14,710,369
Derivative financial instruments		<b>1,077,442</b>	1,478,904
Other derivative financial instruments		<b>561,762</b>	150,183
Deferred taxation liabilities		<b>14,812,062</b>	12,778,617
		<b><u>217,719,992</u></b>	<u>207,230,590</u>
		<b><u>450,899,082</u></b>	<u>429,108,198</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 1. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) AND AGENDA DECISION OF THE IFRS INTERPRETATIONS COMMITTEE (THE “COMMITTEE”)

#### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board (“IASB”) for the first time, which are mandatorily effective for the Group’s annual periods beginning on or after January 1, 2022 for the preparation of the consolidated financial statements:

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

In addition, the Group applied the agenda decision of the Committee of the IASB issued in April 2022 which clarified that the restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash and cash equivalents in IAS 7.

The application of the amendments to IFRSs and the Committee’s agenda decision in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

#### Impacts on application of the agenda decision of the Committee – Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)

In April 2022, the Committee, through its agenda decision, clarified the restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash and cash equivalents in IAS 7. In particular, the contractual restrictions on the use of the amounts held in the demand deposit do not change the nature of the deposit, the entity can access those amounts on demand. Therefore, the Committee concluded that the entity includes the demand deposit as a component of ‘cash and cash equivalents’ in its statement of cash flows and financial position.

The Group's accounting policy is to include the aforementioned demand deposit, if any, meeting the definition in IAS 7 in cash and cash equivalents. Therefore, the Group's current accounting policy is considered as consistent with the Committee's agenda decision.

The application of the Committee's agenda decision has had no material impact on the Group's consolidated financial statements.

## **2. 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 three main operations:

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

**(a) Segment results, assets and liabilities**

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

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

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

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

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

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

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment sales) and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar service.

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

	Year ended December 31, 2022			
		Investment		
	Property Development <i>RMB'000</i>	Property Operation <i>RMB'000</i>	Services and others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers				
Recognised at a point in time	219,478,678	–	1,956,779	221,435,457
Recognised over time	7,538,661	11,879,811	9,711,178	29,129,650
Inter-segment revenue	–	–	6,481,307	6,481,307
Segment revenue	<u>227,017,339</u>	<u>11,879,811</u>	<u>18,149,264</u>	<u>257,046,414</u>
Segment profit (Adjusted Earnings)	<u>34,727,259</u>	<u>6,823,454</u>	<u>5,261,905</u>	<u>46,812,618</u>
	Year ended December 31, 2021			
		Investment		
	Property Development <i>RMB'000</i>	Property Operation <i>RMB'000</i>	Services and others <i>RMB'000</i>	Total <i>RMB'000</i>
Revenue from external customers				
Recognised at a point in time	193,345,489	–	1,103,737	194,449,226
Recognised over time	11,200,020	10,413,639	7,312,592	28,926,251
Inter-segment revenue	–	–	4,564,044	4,564,044
Segment revenue	<u>204,545,509</u>	<u>10,413,639</u>	<u>12,980,373</u>	<u>227,939,521</u>
Segment profit (Adjusted Earnings)	<u>41,498,429</u>	<u>6,153,078</u>	<u>2,639,808</u>	<u>50,291,315</u>

### Other segment information

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, change 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 revenues, profit or loss, assets and liabilities**

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<b>Revenue</b>		
Segment revenue	257,046,414	227,939,521
Elimination of inter-segment revenue	<u>(6,481,307)</u>	<u>(4,564,044)</u>
Consolidated revenue	<u>250,565,107</u>	<u>223,375,477</u>
<b>Profit</b>		
Segment profit	46,812,618	50,291,315
Other income	1,949,742	2,440,827
Other gains and losses	(36,565)	181,958
Fair value gain upon transfer to investment properties	–	3,256
Change in fair value of investment properties	2,887,575	2,846,330
Change in fair value of other derivative financial instruments	(260,138)	(102,152)
Finance costs	(158,193)	(146,273)
Share of results of associates	425,322	1,343,606
Share of results of joint ventures	996,152	1,588,881
Depreciation and amortisation	(437,501)	(488,605)
Unallocated expenses	<u>(6,356,811)</u>	<u>(10,332,369)</u>
Consolidated profit before taxation	<u>45,822,201</u>	<u>47,626,774</u>
<b>Assets</b>		
Segment assets	511,926,300	589,881,029
Cumulative change in fair value of investment properties	41,616,690	38,959,583
Interests in associates	15,904,823	15,110,869
Interests in joint ventures	13,281,430	11,636,049
Equity instruments designated at FVTOCI	8,108,525	7,168,444
Deposits paid for acquisition of properties held for development	5,851,083	8,450,249
Deferred taxation assets	11,217,441	10,891,252
Derivative financial instruments	366,499	108,897
Taxation recoverable	12,380,706	9,663,584
Financial assets at FVTPL	34,933	76,000
Unallocated head office and other assets	<u>166,085,986</u>	<u>183,705,151</u>
Consolidated total assets	<u>786,774,416</u>	<u>875,651,107</u>
<b>Liabilities</b>		
Segment liabilities	205,288,350	314,148,348
Taxation payable	33,611,306	37,014,384
Deferred taxation liabilities	14,812,062	12,778,617
Bank and other borrowings	194,802,931	174,440,156
Senior notes	13,205,169	17,626,356
Derivative financial instruments	1,192,004	1,587,812
Other derivative financial instruments	711,256	151,059
Unallocated head office and other liabilities	<u>89,972,248</u>	<u>96,026,767</u>
Consolidated total liabilities	<u>553,595,326</u>	<u>653,773,499</u>

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

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

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Sales of properties		
Recognised at a point in time	<b>219,478,678</b>	193,345,489
Recognised over time	<b><u>7,538,661</u></b>	<u>11,200,020</u>
Property development segment	<b>227,017,339</b>	204,545,509
Revenue from services and others		
Recognised at a point in time	<b>1,956,779</b>	1,103,737
Recognised over time	<b><u>9,711,178</u></b>	<u>7,312,592</u>
Services and others	<b><u>11,667,957</u></b>	<u>8,416,329</u>
Revenue from contract with customers	<b>238,685,296</b>	212,961,838
Rental income	<b><u>11,879,811</u></b>	<u>10,413,639</u>
Total revenue	<b><u><u>250,565,107</u></u></b>	<u><u>223,375,477</u></u>

(d) **Leases**

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
For operating leases:		
Lease payments that are fixed (including those under subleases)	<b>11,558,803</b>	9,987,194
Variable lease payments that do not depend on an index or a rate	<b><u>321,008</u></b>	<u>426,445</u>
Total revenue arising from leases	<b><u><u>11,879,811</u></u></b>	<u><u>10,413,639</u></u>

(e) **Geographical information**

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested or under subleases and services are provided. Information about its non-current assets is analysed by geographical location of assets.

	Revenue from external customers		Non-current assets	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Beijing	13,847,652	10,421,516	26,143,364	23,835,412
Chengdu	18,802,372	16,805,362	25,011,543	21,820,101
Chongqing	25,782,500	22,363,063	38,855,460	34,562,722
DongBei	16,091,816	13,963,230	3,697,094	2,333,599
Fuzhou	9,593,475	8,182,696	1,485,043	674,568
HeFei	9,430,543	7,704,686	3,048,107	2,407,925
Husu	12,382,205	18,794,597	31,638,799	28,048,733
Jinan	13,982,015	7,148,155	3,063,815	2,478,452
Qingdao	10,400,334	7,918,812	1,940,362	1,636,764
Wuhan	9,456,628	5,369,322	6,716,816	4,784,416
XiZheng	11,541,197	12,397,804	3,225,115	2,272,056
Zhejiang	52,189,904	21,495,298	27,114,854	23,536,559
Other cities in the PRC	47,064,466	70,810,936	55,068,191	64,708,526
	<u>250,565,107</u>	<u>223,375,477</u>	<u>227,008,563</u>	<u>213,099,833</u>

*Note:* Non-current assets excluded financial instruments and deferred taxation assets.

No revenue from transaction with a single external customer amounts to 10% or more of the Group's revenue.

**3. OTHER INCOME**

	2022 RMB'000	2021 RMB'000
Interest income	1,302,279	1,206,692
Government subsidies ( <i>Note a</i> )	242,539	583,108
Penalty income ( <i>Note b</i> )	108,977	107,126
Consultancy income ( <i>Note c</i> )	180,616	251,460
Sundry income	115,331	292,441
Total	<u>1,949,742</u>	<u>2,440,827</u>

*Notes:*

- (a) The amount represents the grants received from the relevant PRC government to encourage the investments in specific regions, rental housing market development and COVID-19-related subsidies. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.
- (b) It represents penalty received from property buyers who did 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 and associates and independent third parties in relation to the property development projects.

#### 4. OTHER GAINS AND LOSSES

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Losses on disposal and written-off of property, plant and equipment	<b>(355,145)</b>	(2,711)
Net exchange (loss) gain ( <i>Note</i> )	<b>(3,741,881)</b>	757,886
Reclassification of fair value gain (loss) of hedging instruments from hedging reserve	<b>3,721,941</b>	(571,083)
Gain on repurchase of senior notes	<b>264,556</b>	–
Remeasurement gain on previously held interest in a joint venture and net loss on disposal of subsidiaries	<b>70,419</b>	–
Others	<b>3,545</b>	(2,134)
	<b><u>(36,565)</u></b>	<u>181,958</u>

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

## 5. FINANCE COSTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank and other borrowings	<b>(8,134,361)</b>	(7,212,193)
Interest expense on senior notes	<b>(665,801)</b>	(729,832)
	<b>(8,800,162)</b>	(7,942,025)
Less: Amount capitalised to properties under development for sales and investment properties under development	<b>8,641,969</b>	7,795,752
	<b><u>(158,193)</u></b>	<b><u>(146,273)</u></b>

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 4.10 % (2021: 4.06%) per annum for the year ended December 31, 2022, to expenditure on the qualifying assets.

## 6. INCOME TAX EXPENSE

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current tax		
Enterprise Income Tax (“EIT”)	<b>(8,600,870)</b>	(10,884,038)
Hong Kong Profits Tax	<b>(22,054)</b>	–
Withholding tax on distributed earnings	<b>(890,698)</b>	(247,446)
Land Appreciation Tax (“LAT”)	<b>(5,101,594)</b>	(6,909,857)
	<b><u>(14,615,216)</u></b>	<b><u>(18,041,341)</u></b>
Overprovision in prior years:		
EIT ( <i>Note a</i> )	<b>541,253</b>	617,964
LAT ( <i>Note b</i> )	<b>2,775,445</b>	1,245,732
	<b><u>3,316,698</u></b>	<b><u>1,863,696</u></b>
Deferred taxation		
Current year	<b>(1,700,966)</b>	339,065
	<b><u>(12,999,484)</u></b>	<b><u>(15,838,580)</u></b>

*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 years, resulting in an overprovision of EIT in respect of prior years. During the years ended December 31, 2022 and 2021, preferential tax rate has been granted to certain PRC subsidiaries for calculation of EIT in prior years, resulting to an overprovision of EIT in respect of prior years.
- (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 years, resulting in an overprovision of LAT in respect of prior years.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong for the year ended December 31, 2021.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

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

## 7. PROFIT FOR THE YEAR

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	8,863	8,060
Cost of property inventories included in cost of sales	186,340,731	157,401,150
Depreciation of property, plant and equipment	319,058	277,284
Depreciation of right-of-use assets	81,197	81,496
Amortisation of intangible assets	205,375	129,825
Staff costs		
Directors' emoluments (including equity-settled share-based payments)	208,995	303,947
Other staff costs		
Retirement benefit contributions	661,347	854,250
Equity-settled share-based payments	506,154	618,352
Other staff costs	<u>5,303,447</u>	<u>8,005,345</u>
Total staff costs	6,679,943	9,781,894
Less: Amount capitalised to properties under development for sales and investment properties under development	<u>(1,499,203)</u>	<u>(2,319,191)</u>
	<u>5,180,740</u>	<u>7,462,703</u>
Minimum lease income from investment properties	(11,558,803)	(9,987,194)
Contingent rental income	(321,008)	(426,445)
Less: direct expenses that generated rental income	<u>2,901,401</u>	<u>2,629,493</u>
	<u><u>(8,978,410)</u></u>	<u><u>(7,784,146)</u></u>

## 8. DIVIDENDS

	<b>2022</b>	2021
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Dividends recognised as distribution during the year:		
Interim dividend recognised in respect of 2022 of RMB0.33 (2021: RMB0.47) per share	<b>2,072,632</b>	2,854,924
Final dividend paid in respect of 2021 of RMB1.23 (2021: in respect of 2020 of RMB1.03) per share	<u><b>7,475,617</b></u>	<u>6,247,401</u>
	<u><b>9,548,249</b></u>	<u>9,102,325</u>

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

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

Subsequent to the end of the reporting period, a final dividend of RMB5,025,234,000, representing RMB0.80 per share, based on the number of shares in issue as at December 31, 2022, in respect of the year ended December 31, 2022 (2021: final dividend of RMB7,471,401,000, representing RMB1.23 per share, in respect of the year ended December 31, 2021) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

## 9. 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:

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	<b><u>24,362,046</u></b>	<u>23,853,686</u>
	<b>2022</b>	2021
<b>Number of shares</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	<b>5,965,061</b>	5,893,929
Effect of dilutive potential ordinary shares in respect of – Share options and share awards	<b><u>45,175</u></b>	<u>90,826</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	<b><u>6,010,236</u></b>	<u>5,984,755</u>

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

During the year ended December 31, 2022, the share award granted on April 1, 2021 and May 16, 2022 are not included in the calculation of diluted earnings per share as the exercise price was greater than the average market price of the Company's shares during the outstanding period in 2022.

## 10. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade receivables ( <i>Note a</i> )		
– Contract with customers	5,165,101	3,600,681
– Rental	<u>281,677</u>	<u>117,895</u>
	5,446,778	3,718,576
Other receivables, net of allowance for doubtful debts ( <i>Note b</i> )	6,767,801	7,074,440
Advances to contractors	3,310,976	3,215,442
Prepaid value added tax and other taxes	14,289,139	22,798,465
Prepayments and utilities deposits ( <i>Note c</i> )	<u>5,102</u>	<u>659,343</u>
	<u><u>29,819,796</u></u>	<u><u>37,466,266</u></u>

### Notes:

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

As at January 1, 2021, trade receivables from contract with customers amounted to RMB2,534,201,000.

The following is an aged analysis of trade receivables presented based on dates of delivery of goods and dates of demand notes.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within 60 days	4,143,512	2,975,012
61 – 180 days	826,654	585,919
181 – 365 days	304,111	69,180
1 – 2 years	137,254	56,497
2 – 3 years	27,732	19,161
Over 3 years	<u>7,515</u>	<u>12,807</u>
	<u><u>5,446,778</u></u>	<u><u>3,718,576</u></u>

As at December 31, 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,426,168,000 (2021: RMB1,619,397,000) which are past due as at the reporting date. Out of the past due balances, RMB476,612,000 (2021: RMB336,814,000) had been past due 90 days or more and are not considered as in default as those balances are mainly with those banks with good credit quality and pending for completing their mortgage procedures.

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

#### 11. ACCOUNTS AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Trade payables and accrued expenditure on construction ( <i>Note a</i> )	<b>64,096,184</b>	101,333,317
Bills payables ( <i>Note a</i> )	<b>332,399</b>	27,989
	<b>64,428,583</b>	101,361,306
Dividend payables	<b>2,072,632</b>	2,854,924
Other payables and accrued charges ( <i>Note b</i> )	<b>16,149,318</b>	18,108,609
Value added tax payables	<b>10,544,042</b>	10,588,648
Consideration payable within one year for acquisition of assets and liabilities through acquisition of subsidiaries	<b>132,682</b>	375,068
Consideration payable for business combination	<b>575,360</b>	1,357,342
	<b>93,902,617</b>	134,645,897
Less: consideration payable due after one year shown under non-current liabilities	<b>(454,913)</b>	(460,405)
Amount due within one year shown under current liabilities	<b>93,447,704</b>	134,185,492

*Notes:*

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

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

	<b>2022</b>	2021
	<i><b>RMB'000</b></i>	<i>RMB'000</i>
Within 60 days	<b>10,999,413</b>	21,997,788
61 – 180 days	<b>13,357,249</b>	26,347,778
181 – 365 days	<b>15,447,985</b>	26,077,696
1 – 2 years	<b>5,460,044</b>	8,312,763
2 – 3 years	<b>1,316,826</b>	1,824,726
Over 3 years	<b>723,234</b>	930,838
	<b><u>47,304,751</u></b>	<u>85,491,589</u>

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

## CHAIRMAN STATEMENT

I am pleased to present the full-year business review and outlook of Longfor Group Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”) for the fiscal year ended December 31, 2022.

In 2022, Longfor Group endeavoured to deliver results and fulfill promises in face of the multiple internal and external challenges. For the whole year, the Group delivered over 110,000 quality residential units 100% on schedule with approximately 90% customer satisfaction. The core attributable profit saw a stable growth to RMB22.5 billion for the year. Recurring income, consisting of investment property operation and services businesses, reached RMB23.6 billion, representing a year-on-year growth of 25%, and contributed 27% of our total profit, reflecting a more optimized earning structure. Achieving such performance is the result of our determination and implementation of long-term strategies.

The real estate industry has undergone significant transformation and has reached a turning point. First of all, regional economic development spurs diversification across cities, which in turn stimulates real and robust consumption in core cities with strong support from advantages in industries and talents. Secondly, housing demand from upgraders has emerged to become the mainstream demand in real estate sector, with customers aspiring for better product quality, service quality, and lifestyle amenities. Thirdly, the business model of expansion with high leverage is being replaced by productism and profitability.

Committed to our strategy of “Space as a Service”, Longfor Group has established three major business segments over the years, namely property development, investment property operation, and services, covering the five main business units of property development, commercial investment, rental housing, property management, and intelligent construction. Capitalizing on the integration efforts of our brand and resources, and combination of our asset-heavy and asset-light models, the Group has reached our customers’ life, work and social scenes, achieved in-depth participation in reshaping the urban spaces and services while grasping business opportunities and constantly benefiting our “One Longfor Ecosystem”.

The past year saw a fall of new home sales by 26.7 % to RMB13.3 trillion, as demand gradually stabled and markets in different cities continued to diverge. We have always been bullish on this 10 trillion-yuan pillar industry, while our first priority is to strengthen our business presence in key cities and core regions, including tier-1 and major tier-2 cities, implementing our city-focus strategy. Secondly, with targeted policy support, we accordingly increased the turnover rate and contract sales, gradually optimizing the inventory structure, and improving profitability. We also prioritize delivery quality, cash collection, and profitability over sales amount. We can only deliver our investment commitments if we grasp the pace and precision of investment at the front end, as well as a full cycle of project management and execution. Property development business, with its strong and stable cashflow, will always serve as the bedrock for Longfor Group.

Longfor Group has built a portfolio of 139 commercial projects in 32 cities across the country to consistently promote its grid layout in higher-tier cities, driving regional upgrades and better meeting the demand for high-frequency and experiential consumption by Longfor's customers. Longfor Goyoo focuses on the quality rental market for millennials in core cities, and has more than 110,000 units in operation, contribution to our profitability. The investment property operation business will continue to grow our recurring income and return on assets as well as positive operating cash flow.

Longfor Intelligent Living, with over 20 years of experience in property management services and commercial operations, serves complex and integrated property types in urban cities and provides high-quality, diversified services. As of the end of last year, Longfor Intelligent Living's GFA under management reached 320 million square meters, with customer satisfaction remaining above 90% for 14 consecutive years. Longfor Intelligent Living will continue to accumulate loyal customers, improve service capabilities, and increase its market share in this trillion-yuan market in the future.

Longfor Smart Construction, Longfor Group's new intelligent construction brand, possesses one-stop, full-cycle, and comprehensive solution that integrates multiple business modules such as early-stage planning, development management, solution design, and smart city solutions. This is a natural extension of Longfor's previous experience in TOD project construction and digital technology empowerment. It is an important strategy for the Company to gain insight into industry opportunities and lay out long-term business plans in what has become a new growth driver of the service business.

Healthy balance sheet and competitive financing cost is the core edge for developers in the second half of China's real estate sector. While strictly controlling the total debt, the Group continues to optimize its debt structure, emphasizing the importance of controlling the percentage of short-term debt and off-shore debt. At the end of last year, the Group made an early repayment of all off-shore debt financing due in 2023, increased the coverage of foreign exchange swap on off-shore debt to 98%, effectively mitigating foreign exchange risks on cash flow and profits. The solid financial position and full investment grade rating are extremely valuable after navigating through crisis. Our strength throughout the cycle is maintaining a margin mindset and strategic initiative at all times.

A strong organization and culture provide a solid foundation for synergetic developments among business units. We continue to fortify our talent structure, evolve our digital foundation, and forge our organizational resilience so that it can adapt to environmental changes, strengthen our ability to grow in the face of adversity, and gain long-term potential for sustainable development.

Longfor Group is celebrating its 30th anniversary this year. Longfor has always remained true to its original aspiration of "For You Forever," enhancing the Company's credit and foundation through delivering results and paying back to our peers. We haven't squandered any crisis, and Longfor will be stronger navigating through the cycles. We will keep advancing with focus and determination!

Finally, on behalf of the Board of Directors, I would like to express my heartfelt appreciation to our shareholders, customers, and people from all walks of life for their generous support!

**Longfor Group Holdings Limited**  
**Chen Xuping**  
*Chairman*

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROPERTY DEVELOPMENT

In 2022, revenue from Property Development business of the Group was RMB227.02 billion, representing an increase of 11.0% as compared to last year. The Group delivered 15.515 million square meters of property in gross floor area (GFA) terms. The gross profit margin of the overall property development business was 17.9%. Recognized average selling price was RMB14,632 per square meter in 2022.

*Table 1: Breakdown of property development revenue of the Group in 2022*

\* Amount excluding tax

City	Revenue		Total GFA	
	2022 RMB million	2021 RMB million	2022 '000 Sqm	2021 '000 Sqm
Hangzhou	24,769	2,100	857	103
Chongqing	19,155	17,750	1,594	1,682
Ji'nan	13,563	6,917	920	590
Qingdao	9,918	7,704	1,079	621
Chengdu	9,698	14,899	675	960
Hefei	9,017	7,531	604	596
Ningbo	8,019	4,431	304	269
Fuzhou	7,632	7,955	462	456
Shenyang	7,427	10,541	636	897
Wuhan	7,312	3,794	519	235
Wenzhou	6,351	7,511	323	338
Nanjing	6,269	7,933	304	379
Kunming	5,949	6,455	352	490
Tianjin	5,813	3,587	303	227
Suzhou	5,542	9,125	349	469
Changsha	5,184	9,039	470	804
Beijing	5,165	6,508	194	166
Guangzhou	4,823	6,676	177	283
Xi'an	4,675	7,039	325	440
Changchun	4,552	738	368	58
Xianyang	4,168	1,388	461	171
Shaoxing	3,923	2,965	186	202
Shanghai	3,902	7,484	159	276
Nanning	3,445	959	362	85
Shijiazhuang	3,428	857	264	82
Guiyang	3,223	2,238	381	190

City	Revenue		Total GFA	
	2022 RMB million	2021 RMB million	2022 '000 Sqm	2021 '000 Sqm
Dongguan	2,764	2,778	123	165
Jiaxing	2,692	1,575	233	159
Taizhou	2,643	423	191	29
Dalian	2,614	1,690	198	104
Huizhou	2,604	–	243	–
Quanzhou	2,280	1,718	189	175
Foshan	1,728	739	119	36
Wuxi	1,537	1,664	175	146
Zhengzhou	1,356	3,182	108	260
Yantai	1,343	1,750	208	190
Haikou	1,189	1,218	61	51
Nanchang	1,125	1,030	133	74
Xiamen	1,106	4,962	75	205
Hong Kong	941	–	4	–
Putian	936	141	118	17
Shenzhen	934	2,800	31	48
Jiangmen	901	–	114	–
Yangzhou	883	979	71	67
Weihai	869	1,013	86	80
Ningde	704	–	55	–
Taiyuan	535	1,508	64	147
Sanya	523	718	25	30
Jinzhong	482	–	57	–
Maoming	380	–	59	–
Changde	219	499	37	86
Zhuhai	200	612	17	28
Zhaoqing	194	–	34	–
Qingyuan	185	–	23	–
Changzhou	126	6,993	23	384
Others	102	2,430	13	223
<b>Total</b>	<b>227,017</b>	<b>204,546</b>	<b>15,515</b>	<b>13,773</b>

In 2022, the Group achieved contracted sales of RMB201.59 billion with sales of total GFA of 13.047 million square meters. Average selling price of GFA sold was RMB15,451 per square meter. Contracted sales from Yangtze River Delta, Pan Bohai Rim, western China, southern China and central China were RMB77.58 billion, RMB41.40 billion, RMB39.39 billion, RMB25.13 billion and RMB18.09 billion respectively, accounting for 38.5%, 20.5%, 19.5%, 12.5% and 9.0% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group in 2022

\* Amount including tax

City	Contracted sales		Total GFA	
	2022 RMB million	2021 RMB million	2022 '000 Sqm	2021 '000 Sqm
Hangzhou	21,929	20,707	738	626
Hefei	14,578	11,369	935	753
Chengdu	12,912	17,194	756	1,025
Chongqing	9,577	22,687	886	1,761
Wuhan	9,287	16,748	725	711
Ji'nan	9,250	15,091	637	1,014
Nanjing	8,537	5,919	375	280
Xi'an	8,349	6,598	482	415
Suzhou	8,028	6,038	430	346
Beijing	7,717	17,777	222	530
Shanghai	6,374	8,774	236	298
Shenyang	6,212	11,360	531	843
Changsha	6,017	6,718	480	575
Qingdao	4,699	6,414	524	615
Fuzhou	4,566	8,833	257	522
Guangzhou	4,325	6,193	154	193
Tianjin	4,129	5,863	273	312
Kunming	3,863	7,975	296	486
Wuxi	3,246	2,428	234	157
Changchun	3,001	5,463	288	409
Taizhou	2,981	3,062	186	197
Wenzhou	2,848	8,154	165	384
Ningbo	2,810	4,942	136	173
Shijiazhuang	2,175	3,395	133	195
Putian	2,081	2,406	119	319
Huizhou	1,964	1,556	132	130
Guiyang	1,909	4,022	328	324
Hong Kong	1,726	2,834	6	12
Changzhou	1,672	3,204	112	171
Xianyang	1,653	3,926	199	422
Dongguan	1,518	3,633	102	161
Nanchang	1,313	760	123	74
Haikou	1,311	1,623	80	68
Nanning	1,243	1,181	110	107
Quanzhou	1,178	3,642	92	334
Lanzhou	1,154	1,360	114	116
Shaoxing	1,102	3,983	52	188

City	Contracted sales		Total GFA	
	2022 RMB million	2021 RMB million	2022 '000 Sqm	2021 '000 Sqm
Dalian	1,086	2,873	92	194
Yantai	1,019	1,018	201	96
Xiamen	906	4,097	56	149
Foshan	905	1,424	61	90
Huzhou	883	371	55	18
Nantong	796	183	51	16
Yangzhou	779	978	68	65
Shenzhen	759	463	26	17
Zhengzhou	693	3,170	63	226
Zhanjiang	679	78	69	5
Taiyuan	659	963	74	95
Weihai	577	1,308	56	118
Ganzhou	574	560	60	57
Tangshan	565	587	72	52
Jiangmen	444	578	64	67
Sanya	434	1,230	22	50
Jinhua	389	–	17	–
Ningde	277	566	22	40
Xuzhou	276	1	23	1
Jinzhong	271	266	31	28
Zhongshan	241	547	23	38
Zhuhai	206	1,671	27	76
Yancheng	204	413	9	19
Jiaxing	143	1,367	41	134
Maoming	142	86	29	13
Zhaoqing	125	75	24	11
Changde	122	471	28	74
Others	200	914	35	94
<b>Total</b>	<b>201,588</b>	<b>290,090</b>	<b>13,047</b>	<b>17,089</b>

As at December 31, 2022, the Group had sold but unrecognized contracted sales of RMB227.0 billion (with an area of around 14.80 million square meters), which formed a solid basis for the Group's sustainable and stable growth in the core net profit in the future.

## INVESTMENT PROPERTY OPERATION

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

In 2022, the rental income, net of tax, of the Group’s Investment Property Operation was RMB11.88 billion<sup>#</sup>, representing an increase of 14.1% as compared to last year. The rental income from shopping malls, rental housing and others accounted for 78.1%<sup>#</sup>, 20.2% and 1.7% of the total rental income respectively. The gross profit margin of the Investment Property Operation was 75.6%, representing an increase of 0.9% as compared to last year. As at December 31, 2022, the Group has shopping malls of 7.22 million square meters (9.27 million square meters in GFA with parking space included) which have commenced operation with an occupancy rate of 93.9%. 116,000 apartments of Goyoo have commenced operation with the occupancy rate of 88.5%, boasting a leading position in the industry in terms of its scales. The occupancy rate of the portions of Goyoo which have commenced operation for more than six months was 91.1%.

<sup>#</sup> Excluding Beijing Chang’an Paradise Walk etc.

Table 3: Breakdown of rental income of shopping malls of the Group in 2022<sup>##</sup>

\* Amount excluding tax

	GFA sqm	Rental income RMB’000	2022 % of Revenue	Occupancy Rate	Rental Income RMB’000	2021 % of Revenue	Occupancy Rate	Change of Rental Income
Chongqing North Paradise Walk	120,778	524,351	5.6%	96.9%	548,816	6.7%	99.7%	-4.5%
Chongqing West Paradise Walk	76,031	131,871	1.4%	91.1%	147,316	1.8%	98.6%	-10.5%
Chongqing Time Paradise Walk Phase I	160,168	398,685	4.2%	92.5%	394,704	4.8%	98.3%	1.0%
Chongqing Time Paradise Walk Phase II	154,460	261,946	2.8%	93.8%	287,240	3.5%	98.0%	-8.8%
Chongqing Time Paradise Walk Phase III	73,774	93,803	1.0%	78.9%	92,664	1.1%	93.8%	1.2%
Chengdu Three Thousand Paradise Walk	38,043	26,041	0.3%	63.0%	33,142	0.4%	92.7%	-21.4%
Chengdu North Paradise Walk	215,536	167,324	1.8%	80.1%	178,054	2.2%	84.3%	-6.0%
Chengdu Time Paradise Walk Phase I	61,989	56,238	0.6%	95.4%	58,813	0.7%	96.4%	-4.4%

			2022			2021		Change
	GFA	Rental	% of	Occupancy	Rental	% of	Occupancy	of Rental
	sqm	income	Revenue	Rate	Income	Revenue	Rate	Income
		RMB'000			RMB'000			
Beijing Changying Paradise Walk	221,286	555,255	5.9%	97.8%	520,603	6.4%	99.4%	6.7%
Hangzhou Jinsha Paradise Walk	151,135	304,253	3.2%	96.4%	316,264	3.9%	99.0%	-3.8%
Chengdu Jinnan Paradise Walk	91,638	136,019	1.4%	97.2%	140,384	1.7%	99.0%	-3.1%
Beijing Daxing Paradise Walk	144,565	265,187	2.8%	95.5%	242,882	3.0%	99.9%	9.2%
Shanghai Hongqiao Paradise Walk	170,450	140,148	1.5%	94.4%	153,976	1.9%	97.0%	-9.0%
Chongqing U-City Paradise Walk Phase I	15,516	19,451	0.2%	84.9%	19,686	0.2%	100.0%	-1.2%
Chongqing U-City Paradise Walk Phase II	96,411	151,085	1.6%	94.2%	153,638	1.9%	96.9%	-1.7%
Chongqing Hometown Paradise Walk	93,152	136,250	1.4%	94.4%	135,610	1.7%	99.9%	0.5%
Hangzhou Binjiang Paradise Walk Phase I	158,067	343,541	3.6%	97.5%	330,613	4.1%	98.8%	3.9%
Suzhou Shishan Paradise Walk	197,466	343,937	3.6%	98.3%	320,853	3.9%	99.5%	7.2%
Shanghai Baoshan Paradise Walk	98,339	226,876	2.4%	94.8%	232,760	2.9%	99.9%	-2.5%
Changzhou Longcheng Paradise Walk	119,328	121,043	1.3%	95.0%	119,621	1.5%	96.7%	1.2%
Beijing Fangshan Paradise Walk	103,688	208,963	2.2%	98.5%	203,200	2.5%	100.0%	2.8%
Chengdu Xichen Paradise Walk	152,639	171,140	1.8%	94.3%	168,546	2.1%	97.5%	1.5%
Chengdu Binjiang Paradise Walk	140,000	159,392	1.7%	95.8%	152,541	1.9%	97.3%	4.5%
Hangzhou Binjiang Paradise Walk Phase II	22,627	36,344	0.4%	90.2%	36,037	0.4%	97.3%	0.9%
Hangzhou Xixi Paradise Walk	130,063	253,830	2.7%	96.7%	236,118	2.9%	97.4%	7.5%
Hangzhou Zijing Paradise Walk	83,000	139,560	1.5%	94.0%	135,928	1.7%	96.1%	2.7%
Shanghai Huajing Paradise Walk	42,253	63,142	0.7%	96.7%	68,312	0.8%	97.9%	-7.6%
Shanghai Minhang Paradise Walk	94,859	169,913	1.8%	98.2%	168,086	2.1%	99.5%	1.1%
Hefei Yaohai Paradise Walk	98,320	76,341	0.8%	94.1%	62,997	0.8%	90.7%	21.2%
Nanjing Liuhe Paradise Walk	108,000	67,730	0.7%	88.4%	70,749	0.9%	91.9%	-4.3%
Beijing Chang'an Paradise Walk	52,563	113,899	1.2%	99.3%	103,470	1.3%	100.0%	10.1%
Nanjing Longwan Paradise Walk	120,367	168,749	1.8%	93.6%	179,180	2.2%	96.3%	-5.8%
Nanjing Jiangbei Paradise Walk	146,286	157,059	1.7%	90.0%	161,640	2.0%	95.6%	-2.8%
Xi'an Xiangti Paradise Walk	78,962	80,836	0.9%	96.8%	77,761	1.0%	99.4%	4.0%
Chongqing Jinsha Paradise Walk	204,113	330,628	3.5%	88.3%	336,649	4.1%	97.7%	-1.8%
Chengdu Shangcheng Paradise Walk	114,227	132,030	1.4%	89.6%	141,950	1.7%	96.1%	-7.0%
Chengdu Time Paradise Walk Phase II	63,183	61,133	0.6%	93.5%	58,833	0.7%	98.5%	3.9%
Suzhou Star Lake Paradise Walk	112,537	120,721	1.3%	95.8%	116,796	1.4%	97.2%	3.4%
Chongqing Lijia Paradise Walk	110,508	142,013	1.5%	92.7%	134,288	1.6%	97.6%	5.8%
Jinan Olympic Sports Paradise Walk	77,571	91,231	1.0%	94.2%	89,888	1.1%	95.5%	1.5%
Beijing Lize Paradise Walk	92,014	156,234	1.7%	99.1%	108,423	1.3%	99.5%	44.1%
Suzhou Shishan Paradise Walk Block B	12,259	18,800	0.2%	96.7%	12,899	0.2%	98.6%	45.7%
Changsha Yanghu Paradise Walk	101,629	92,502	1.0%	88.9%	66,499	0.8%	98.7%	39.1%
Wuhan Imperial Paradise Walk	138,583	231,672	2.5%	95.0%	127,930	1.6%	99.5%	81.1%
Chengdu Jincheng Paradise Walk	83,000	89,589	1.0%	95.8%	50,867	0.6%	98.9%	76.1%
Nanjing Hexi Paradise Walk	112,123	151,018	1.6%	89.8%	58,413	0.7%	97.7%	158.5%
Beijing Xiyue Paradise Walk	105,311	170,699	1.8%	97.2%	57,515	0.7%	100.0%	196.8%
Hangzhou Jiangdong Paradise Walk	107,125	98,662	1.0%	94.6%	38,369	0.5%	100.0%	157.1%
Suzhou Dongwu Paradise Walk	114,200	166,335	1.8%	99.3%	46,263	0.6%	100.0%	259.5%
Hangzhou Dingqiao Paradise Walk	125,186	188,228	2.0%	94.6%	50,640	0.6%	99.5%	271.7%
Chongqing Gongyuan Paradise Walk	138,034	121,557	1.3%	86.4%	8,948	0.1%	92.4%	1258.5%
Chongqing Time Paradise Walk Phase VI	77,188	16,188	0.2%	94.2%	-	-	-	-
Chongqing High-Tech Paradise Walk	125,158	8,645	0.1%	97.5%	-	-	-	-
Chengdu Shuxin Paradise Walk	114,721	11,110	0.1%	98.0%	-	-	-	-

	GFA <i>sqm</i>	Rental income <i>RMB'000</i>	2022 % of Revenue	Occupancy Rate	Rental Income <i>RMB'000</i>	2021 % of Revenue	Occupancy Rate	Change of Rental Income
Beijing Yizhuang Paradise Walk	107,101	73,357	0.8%	99.3%	–	–	–	
Qingdao Jiaozhou Paradise Walk	86,935	39,519	0.4%	94.0%	–	–	–	
Shenyang Hunnan Paradise Walk	86,812	26,081	0.3%	86.1%	–	–	–	
Shanghai Fengxian Paradise Walk	104,163	13,325	0.1%	100.0%	–	–	–	
Shanghai Jinhui Paradise Walk	72,919	30,480	0.3%	98.1%	–	–	–	
Hangzhou Wujiao Paradise Walk	53,884	30,100	0.3%	92.3%	–	–	–	
Ningbo Yinzhou Paradise Walk	110,899	9,930	0.1%	98.3%	–	–	–	
Wuhan Baisha Paradise Walk Phase II	35,822	6,353	0.1%	93.0%	–	–	–	
Wuhan Baisha Paradise Walk Phase I	105,577	28,875	0.3%	97.7%	–	–	–	
Nanchang Qingshanhu Paradise Walk	95,463	34,360	0.4%	93.7%	–	–	–	
<b>Paradise Walk Subtotal</b>	<b>6,820,004</b>	<b>8,961,577</b>	<b>95.1%</b>	<b>93.8%</b>	<b>7,757,374</b>	<b>95.2%</b>	<b>97.3%</b>	<b>15.5%</b>
Chongqing Crystal Castle	16,161	20,784	0.2%	92.6%	23,722	0.3%	92.9%	-12.4%
Chongqing Chunsen Starry Street	54,618	42,509	0.5%	94.9%	40,584	0.5%	96.4%	4.7%
Chongqing Fairy Castle	29,413	12,436	0.1%	100.0%	22,606	0.3%	100.0%	-45.0%
Beijing Summer Palace Starry Street	6,320	31,149	0.3%	100.0%	28,925	0.4%	100.0%	7.7%
Xi'an Daxing Starry Street	44,227	61,822	0.7%	87.4%	64,213	0.8%	96.1%	-3.7%
Xi'an Qujiang Starry Street	63,206	75,613	0.8%	94.6%	82,268	1.0%	98.2%	-8.1%
Shanghai Minhang Starry Street	24,740	23,546	0.3%	92.7%	24,638	0.3%	86.3%	-4.4%
Chengdu Wuhou Starry Street	31,168	36,980	0.4%	99.4%	34,036	0.4%	99.9%	8.6%
Chongqing Aijia Starry Street	52,500	47,506	0.5%	95.7%	–	–	–	
Others	43,794	82,690	0.9%	N/A	39,163	0.5%	N/A	111.1%
<b>Starry Street Subtotal</b>	<b>366,147</b>	<b>435,035</b>	<b>4.6%</b>	<b>95.0%</b>	<b>360,155</b>	<b>4.4%</b>	<b>96.6%</b>	<b>20.8%</b>
Chongqing MOCO	29,104	29,699	0.3%	92.8%	33,847	0.4%	90.8%	-12.3%
<b>MOCO Subtotal</b>	<b>29,104</b>	<b>29,699</b>	<b>0.3%</b>	<b>92.8%</b>	<b>33,847</b>	<b>0.4%</b>	<b>90.8%</b>	<b>-12.3%</b>
<b>Total rental income of shopping malls</b>	<b>7,215,255</b>	<b>9,426,311</b>	<b>100.0%</b>	<b>93.9%</b>	<b>8,151,376</b>	<b>100.0%</b>	<b>97.2%</b>	<b>15.6%</b>

## In 2022, the total retail sales of shopping malls were RMB42.3 billion. Annual average daily foot traffic was 2.00 million.

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

*Table 4: Major investment properties under construction of the Group*

	<b>Estimated Commencement of Operation</b>	<b>Planned GFA Sqm</b>
Chongqing Lijia Paradise Walk Block C	2023	20,552
Suzhou Xujiang Paradise Walk	2023	91,437
Ningbo Haishu Paradise Walk	2023	92,344
Ji'nan Beichen Paradise Walk	2023	93,121
Changsha Furong Paradise Walk	2023	105,372
Wuxi Xishan Paradise Walk	2024 and hereafter	46,684
Xiamen Jimei Paradise Walk	2024 and hereafter	52,945
Chongqing Longxing Core District Paradise Walk	2024 and hereafter	75,652
Changzhou Yuanshan Paradise Walk	2024 and hereafter	81,889
Hangzhou Binkang Paradise Walk	2024 and hereafter	101,331
Chengdu Dong'an Paradise Walk	2024 and hereafter	101,583
Changsha Kaifu Paradise Walk	2024 and hereafter	111,591
Hefei High-Tech Paradise Walk	2024 and hereafter	121,020
Nanning Qingxiu Paradise Walk	2024 and hereafter	121,483
Nanjing Yushan Paradise Walk	2024 and hereafter	125,885
Changsha Xinyao Paradise Walk	2024 and hereafter	127,940
Tianjin Meijiang Paradise Walk	2024 and hereafter	128,028
Kunming Time Paradise Walk	2024 and hereafter	133,022
Shaoxing Jinghu Paradise Walk	2024 and hereafter	133,560
Suzhou Xiangcheng Paradise Walk	2024 and hereafter	143,200
Wuhan Xinrong Bus Terminal	2024 and hereafter	152,747
Ji'nan West Railway Station Paradise Walk	2024 and hereafter	157,514
Wuchang Binjiang Paradise Walk	2024 and hereafter	170,600
Haikou TOD Paradise Walk	2024 and hereafter	222,032

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 RMB2.89 billion in 2022.

## **SERVICES AND OTHERS**

In 2022, the total income, net of tax, generated from services and others of the Group was RMB11.67 billion, representing an increase of 38.6% as compared to last year. The gross profit margin of the services and others was 28.9%, representing an increase of 9.7% as compared to last year. As at December 31, 2022, the area of the Group's properties in operation was 320 million square meters.

## **INCOME FROM DIGITAL TECHNOLOGY SERVICES**

In 2022, the total income generated from Digital Technology Services of the Group was RMB2.40 billion, which demonstrates a steady growth compared to last year. The Group will continue to provide digital technology services to each of its core businesses for operation management and procedure innovation. Further, the Group will continue to expand various external business scopes, including the membership points management of customers, the electronic coupon business of shopping mall tenants, intelligent parking system services as well as cooperative project management to improve the capacity for providing digital technology services.

## **COST CONTROL**

In 2022, benefiting from the Group's continuous focus on organization and business efficiency improvement and high quality talents, the Group's share of general and administrative expenses to the revenue decreased by 2.1% to 2.7% as compared to the corresponding period of last year, the selling expenses as a percentage to the revenue was 2.1%, representing a decrease of 0.3% as compared to the corresponding period of last year.

## **SHARE OF RESULTS OF JOINT VENTURES**

In 2022, the contribution of joint ventures was mainly from the Group's 50.0%-owned Binjiang Tianyi Project in Wuchang, Wuhan. The attributable profit after tax of the Group in joint ventures was RMB1.00 billion.

## **SHARE OF RESULTS OF ASSOCIATES**

In 2022, the contribution of associates was mainly from the Group's 45.0%-owned Xi'an Liangjiatan Project. The attributable profit after tax of the Group in associates was RMB430 million.

## **INCOME TAX EXPENSE**

Income tax expense comprises PRC enterprise income tax and land appreciation tax. In 2022, the enterprise income tax expense and the land appreciation tax of the Group were RMB10.67 billion and RMB2.33 billion, respectively. The total income tax expenses for the period amounted to RMB13.00 billion.

## **PROFITABILITY**

In 2022, the Group's core net profit margin was 12.3%, while that of last year was 13.3%; and the core net profit margin attributable to shareholders was 9.0%, while that of last year was 10.0%. The above is mainly due to the increase in revenue during the current year and the combined effects of expenses, share of results of joint ventures and associates and the changes in income tax expenses.

## **LAND BANK REPLENISHMENT**

As at December 31, 2022, the Group's total land bank was 57.95 million square meters or 39.75 million square meters on an attributable basis. The average unit land cost was RMB5,221 per square meter, accounting for 33.8% 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 and southern China accounted for 31.8%, 24.8%, 19.7%, 13.8% and 9.9% of the total land bank, respectively.

In 2022, the Group acquired new land bank with total GFA of 4.48 million square meters or 2.91 million square meters on an attributable basis. Average cost of acquisition on an attributable basis was RMB10,461 per square meter. In terms of regional breakdown, the newly acquired area of Yangtze River Delta, western China, southern China, Pan Bohai Rim and central China accounted for 51.8%, 25.2%, 9.7%, 6.7% and 6.6% of the total GFA of the newly acquired land bank.

Subsequent to the end of the reporting period<sup>#</sup>, the Group acquired new land bank with total GFA of 120,000 square meters or 70,000 square meters on an attributable basis. In terms of regional breakdown, land bank newly acquired subsequent to the end of the reporting period in Yangtze River Delta and central China accounted for 36.2% and 63.8% of the total GFA of the land bank acquired subsequent to the end of the reporting period, respectively.

<sup>#</sup> *As of February 28, 2023*

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	906,098	1.6%	432,482	1.1%
	Shenyang	1,976,070	3.2%	1,180,596	3.0%
	Qingdao	2,004,732	3.5%	1,282,924	3.2%
	Yantai	7,512,535	13.0%	7,512,535	18.8%
	Ji'nan	1,826,013	3.2%	1,520,685	3.8%
	Dalian	86,445	0.1%	67,194	0.2%
	Tianjin	1,072,189	1.9%	896,007	2.3%
	Baoding	520,667	0.9%	520,667	1.3%
	Shijiazhuang	473,464	0.8%	366,097	0.9%
	Weihai	100,910	0.2%	70,637	0.2%
	Taiyuan	286,226	0.5%	286,226	0.7%
	Changchun	1,269,502	2.2%	909,561	2.3%
	Tangshan	321,750	0.6%	160,875	0.4%
	Jinzhong	79,511	0.1%	79,511	0.2%
		<b>Subtotal</b>	<b>18,436,112</b>	<b>31.8%</b>	<b>15,285,997</b>
Central China	Changsha	1,859,517	3.2%	1,125,206	2.8%
	Wuhan	3,314,349	5.7%	1,441,859	3.5%
	Nanchang	119,077	0.2%	65,403	0.2%
	Zhengzhou	685,559	1.2%	391,558	1.0%
	Ganzhou	228,841	0.4%	139,835	0.4%
	Ezhou	1,771,863	3.1%	620,152	1.6%
	<b>Subtotal</b>	<b>7,979,206</b>	<b>13.8%</b>	<b>3,784,013</b>	<b>9.5%</b>
Western China	Chongqing	4,050,110	6.9%	2,599,839	6.5%
	Chengdu	2,723,792	4.7%	1,875,068	4.7%
	Xi'an	1,508,561	2.6%	1,144,948	2.9%
	Guiyang	2,528,363	4.4%	1,454,321	3.7%
	Kunming	1,368,314	2.4%	1,280,501	3.2%
	Xianyang	1,109,054	1.9%	618,941	1.6%
	Lanzhou	1,094,897	1.9%	826,752	2.1%
	<b>Subtotal</b>	<b>14,383,091</b>	<b>24.8%</b>	<b>9,800,370</b>	<b>24.7%</b>

Region	City	Total GFA Sqm	% of Total	Attributable	
				GFA Sqm	% of Total
Yangtze River Delta	Shanghai	535,866	0.9%	326,228	0.8%
	Wuxi	647,647	1.1%	437,596	1.1%
	Changzhou	574,840	1.0%	347,910	0.9%
	Hangzhou	2,096,558	3.6%	1,285,672	3.2%
	Nantong	294,832	0.5%	158,776	0.4%
	Wenzhou	585,630	1.0%	362,693	0.9%
	Ningbo	636,056	1.1%	331,566	0.8%
	Suzhou	1,391,750	2.4%	781,480	2.0%
	Nanjing	1,338,488	2.3%	1,035,329	2.6%
	Hefei	2,231,577	4.0%	1,669,935	4.2%
	Yangzhou	22,934	0.0%	22,934	0.1%
	Taizhou	476,334	0.8%	253,389	0.6%
	Yancheng	320,887	0.6%	217,312	0.5%
	Xuzhou	55,352	0.1%	28,229	0.1%
	Shaoxing	198,918	0.3%	99,459	0.3%
	<b>Subtotal</b>	<b>11,407,669</b>	<b>19.7%</b>	<b>7,358,508</b>	<b>18.5%</b>
Southern China	Xiamen	611,928	1.1%	255,054	0.6%
	Quanzhou	498,544	0.9%	301,577	0.8%
	Guangzhou	398,626	0.7%	295,418	0.7%
	Shenzhen	35,810	0.1%	35,810	0.1%
	Fuzhou	537,370	0.9%	375,612	0.9%
	Foshan	172,837	0.3%	138,269	0.3%
	Zhuhai	470,793	0.8%	126,209	0.3%
	Dongguan	355,793	0.6%	301,857	0.8%
	Nanning	331,277	0.6%	179,503	0.5%
	Zhongshan	145,993	0.3%	58,397	0.1%
	Huizhou	356,654	0.6%	262,895	0.7%
	Haikou	623,886	1.0%	623,886	1.6%
	Jiangmen	142,018	0.2%	71,009	0.2%
	Zhaoqing	186,346	0.3%	130,442	0.3%
	Qingyuan	136,500	0.2%	69,605	0.2%
	Putian	399,177	0.7%	99,754	0.3%
	Sanya	45,866	0.1%	45,866	0.1%
Zhanjiang	295,708	0.5%	150,811	0.4%	
	<b>Subtotal</b>	<b>5,745,126</b>	<b>9.9%</b>	<b>3,521,974</b>	<b>8.9%</b>
	<b>Total</b>	<b>57,951,204</b>	<b>100.0%</b>	<b>39,750,862</b>	<b>100.0%</b>

Table 6: Land acquisition in 2022

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Pan Bohai Rim	Dongheyan Towns Project	Beijing	30%	74,646	22,394
	Hexi District Chentang W4 Plot	Tianjin	50%	79,136	39,568
	Shunyi District Wangquan Temple Plot	Beijing	95%	146,218	138,907
	<b>Subtotal</b>			<b>300,000</b>	<b>200,869</b>
Western China	Southwest Sea P Plot	Kunming	100%	95,543	95,543
	Caijia Zutuan P01-1/05 Plot	Chongqing	60%	65,833	39,500
	Xiyong Zutuan L58/05 Plot	Chongqing	66%	62,652	41,350
	Xiyong Zutuan L59/06 Plot	Chongqing	80%	86,290	69,032
	Shiling Street Plot	Chengdu	50%	134,798	67,399
	Yixin Street Plot	Chengdu	50%	52,425	26,213
	Caijia Zutuan Letao Plot	Chongqing	100%	53,700	53,700
	Hangchuang Road Plot	Xi'an	50%	93,979	46,990
	Shuangliu District Yixin Subdistrict Plot	Chengdu	50%	121,942	60,971
	Tianfu 103 Acres Plot	Chengdu	100%	165,646	165,646
	Tiaodenghe South Road Plot	Chengdu	94%	78,053	73,370
	Southwest Sea A Plot	Kunming	100%	58,619	58,619
	Xipu Street Plot	Chengdu	73%	58,212	42,495
<b>Subtotal</b>			<b>1,127,692</b>	<b>840,828</b>	

<b>Region</b>	<b>Project</b>	<b>City</b>	<b>Attributable Interest %</b>	<b>Total GFA Sqm</b>	<b>Attributable GFA Sqm</b>	
Yangtze River Delta	Yonglong Mansion North Plot	Hefei	32%	177,434	56,779	
	Hangteng Future Community Plot	Hangzhou	51%	591,334	301,580	
	Yanghewan Plot	Hefei	73%	130,508	95,271	
	Jiangan Science Park No.19 Plot	Hangzhou	40%	72,802	29,121	
	Tengda Road Plot	Taizhou	80%	174,902	139,922	
	Feixi Jinzhai South Road Plot	Hefei	50%	128,171	64,086	
	Chunshenhu Road Plot	Suzhou	51%	157,770	80,463	
	Jingkai District Jinxiu Road Plot	Hefei	100%	160,745	160,745	
	Baiyanwan Road Plot–Residential Portion	Hefei	60%	191,521	114,912	
	Baiyanwan Road Plot–Commercial Portion	Hefei	100%	37,892	37,892	
	Pukou District Taibei Road Plot	Nanjing	70%	192,851	134,996	
	Pukou District Zhuquan Road Plot	Nanjing	75%	56,016	42,012	
	Songjiang District Guangfulin Street Plot	Shanghai	100%	68,561	68,561	
	Wuzhong District Tongda Road Plot	Suzhou	60%	76,683	46,010	
	Yaohai No.10 Plot	Hefei	51%	110,675	56,444	
		<b>Subtotal</b>			<b>2,327,865</b>	<b>1,428,794</b>
	Central China	Furong Paradise Walk Plot	Changsha	100%	101,320	101,320
Guancheng Hui District Jindai Plot		Zhengzhou	51%	194,048	98,964	
		<b>Subtotal</b>		<b>295,368</b>	<b>200,284</b>	
Southern China	Quan'an North Road Project	Quanzhou	51%	66,932	34,135	
	Jinjiang Jindong New District Plot	Quanzhou	55%	365,750	201,162	
		<b>Subtotal</b>		<b>432,682</b>	<b>235,297</b>	
	<b>Total</b>		<b>4,483,607</b>	<b>2,906,072</b>		

Details of the land bank acquired by the Group subsequent to the end of the reporting period<sup>#</sup> are as follows:

*Table 7: Land acquisition subsequent to the end of the reporting period<sup>#</sup>*

Region	Project	City	Attributable Interest %	Expected GFA Sqm	Attributable GFA Sqm
Yangtze River Delta	Sudi No. 2022-WG-56 Plot	Suzhou	70%	43,166	30,216
Central China	Changsha Datang Liangan Project	Changsha	51%	75,966	38,743
	<b>Total</b>			<b>119,132</b>	<b>68,959</b>

<sup>#</sup> As of February 28, 2023

## FINANCIAL POSITION

As at December 31, 2022, the Group's consolidated borrowings amounted to RMB208.01 billion. Cash in hand was RMB72.62 billion\*. The net debt to equity ratio (net debt divided by total equity) was 58.1%. Liabilities to asset ratio (ex. Pre-sale Deposits) \*\* was 64.8%. The credit rating of the Group was BBB- by Standard & Poor, Baa2 by Moody's, BBB by Fitch, and AAA by CCXR\*\*\*, Shanghai Brilliance.

\* Of them, the regulated pre-sale funds amounted to RMB18.18 billion

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

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

Approximately 77.0% of the Group's total borrowings were denominated in RMB, while 23.0% 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 RMB68.66 billion of the Group's consolidated borrowings were with fixed interest rates ranging from 3.0% per annum to 4.8% per annum, depending on the terms of the loans, and the other loans were quoted at floating rates. As of December 31, 2022, the proportion of fixed interest debt was 33% (December 31, 2021: 40%) of the total debt.

The Group's average cost of borrowing was 4.10% per annum. The average maturity period of loan was 6.67 years. The proportion of unsecured debt was 69.8% of the total debt. The debt due within one year was RMB20.66 billion, accounting for 9.9% of the total debt. Excluding regulated pre-sale funds and restricted capital, cash to short-term debt ratio was 2.61X.

In 2022, the Group successfully issued corporate bonds of RMB5.0 billion and medium-term notes of RMB3.5 billion in the domestic capital market, at a coupon rate ranging from 3.00% to 4.10% per annum with terms ranging from three to eight years.

## **EMPLOYEES AND COMPENSATION POLICY**

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of the employees consisted of base salary, cash bonus and share-based rewards. The distribution of cash bonus is assessed and determined based on a combination of factors, such as the Group's actual performance against its targets and the scores gained on the balanced scorecard of its subsidiaries.

## **REVIEW AND OUTLOOK**

In 2022, as the real estate sector underwent a deep adjustment under the impacts of multiple internal and external factors, the new home sales dropped by 26.7% to RMB13.3 trillion. Nevertheless, the real estate industry remained the key pillar of the national economy. The government has successively announced policies in favor of the real estate sector since the fourth quarter of last year, stabilizing market expectations and facilitating the sector to grow in a healthy direction.

Adhering to the "Space as a Service" strategy, the Group has maturely developed three major business segments, i.e. development, operation and service, to achieve synergistic growth of multiple businesses covering property development, commercial investment, rental housing, property management and smart construction, expanding the extensive strategy to tier-1 and tier-2 high quality cities nationwide. By targeting customers' needs, the Group proactively observes and seizes market opportunities, through which the Group constantly iterate and upgrade structural system in the form of reformations while solidifying its core businesses, boosting our complete – industry – chain mastery in maintaining our leading position in the industry.

The Group has pursued the models of both asset-light and asset-heavy to further deepen grid-style management in commercial properties in key cities. The Group newly operated 12 asset-heavy Paradise Walks and 3 asset-light projects in 2022 as scheduled, and had 76 shopping malls in operation at the end of 2022. Over the last year, in response to the COVID-19 pandemic restriction requirements, the temporary closure of the Group's operating shopping malls led to a fall in sales and footfall, but thanks to the steady occupancy rate and rental structure of shopping malls, rental income increased by 16% year-on-year to RMB9.43 billion.

With the supportive policy of “Encouraging both Housing Purchase and Renting”, the rental housing brand “Goyoo” of the Group has secured stable growth, with more than 110,000 rooms in operation. While expanding its business, the Group has unceasingly improved its products and services and enhanced its operation efficiency, resulting in 91.1% of occupancy rate of the rooms in operation for over 6 months. The rental income rose by 9% year-on-year to RMB2.44 billion with further increase in profit level.

Leveraging its innovative strength of smart technologies, Longfor Intelligent Living is capable of offering comprehensive property management and commercial operation services. By expanding beyond the physical boundaries, focusing on service quality, and understanding customers' needs, Longfor Intelligent Living has scored over 90% in customer satisfaction for the 14th consecutive year.

In August 2022, Longfor officially launched “Longfor Smart Construction”, a new smart construction brand on the concept of “Building a Futuristic City” to provide smart urban solutions featuring new industry mode, full cyclical nature and digitalization. By leveraging on our development experience of TOD and our leading digital technology strength, the brand creates ongoing value for our customers with an aim to become the “Leader of Smart Construction”.

Backed by sufficient land bank and with our focus on tier-1 and tier-2 core cities, the Company spares unrivalled flexibility to launch saleable resources in a timely manner after having regard for the market situations in 2023. Our products are designed to satisfy distinctive demands, such as rigid demand for homes, upgraders and commercial operators. 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. From 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.

The Group (including joint ventures and associates) completed properties with a total GFA of approximately 20 million square meters in 2022 and plans to complete properties with a total GFA of 19 million square meters in 2023, most of which will be completed in the second half of the year. Steady progress has been made in the construction and sales of these projects.

In terms of commercial properties, approximately 10 shopping malls are expected to be in operation in 2023, located in such as Beijing, Hangzhou and Suzhou. In 2022, our rental housing business covered tier-1 and tier-2 cities, such as Beijing, Shanghai, Shenzhen, Hangzhou, Chengdu, Nanjing and Chongqing. Also, we will further make steady progress along with the increase in market demand.

As we envisage a healthier and steadier development pattern of the industry in the future, 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.

## **FINAL DIVIDEND**

The Board proposed the payment of a final dividend of RMB0.80 per share for the year ended December 31, 2022 to shareholders whose names appear on the register of members of the Company on Wednesday, July 12, 2023. The proposed final dividend shall be paid on Monday, August 21, 2023 after approval by shareholders of the Company at the forthcoming annual general meeting of the Company (the “AGM”). The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from Thursday, June 15, 2023 to Friday, June 16, 2023.

Eligible Shareholders will be given an option to elect to receive the final dividend all in cash or all in new Shares or partly in new Shares and partly in cash (the “Scrip Dividend Scheme”).

The Scrip Dividend Scheme is subject to (1) the approval of the proposed final dividend by the shareholders of the Company at the AGM; (2) the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto; and (3) where necessary, the whitewash waiver granted by the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his/her delegate.

A circular containing full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the shareholders of the Company on or around Thursday, 20 July 2023. It is expected that the final dividend warrants and certificates for the new Shares (in case the eligible shareholders have elected to receive part or all their final dividend in the form of new Shares) will be dispatched to the shareholders of the Company on Monday, 21 August 2023.

## **ANNUAL GENERAL MEETING**

The AGM is to be held on Friday, June 16, 2023 and the notice of AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, June 13, 2023 to Friday, June 16, 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Friday, June 16, 2023, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, June 12, 2023.

The register of members of the Company will be closed from Tuesday, July 11, 2023 to Wednesday, July 12, 2023 (both days inclusive) during which period no transfer of shares of the Company will be effected. To qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Monday, July 10, 2023.

## **AUDIT COMMITTEE**

The Audit Committee of the Company comprises of three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management and internal control systems and financial reporting matters including the review of the Group's audited consolidated results for the year ended December 31, 2022.

## **CORPORATE GOVERNANCE**

Throughout this year, the Company has adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules, except with the following deviation:

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

## **COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES**

The Company has adopted a code of conduct regarding the Company's securities transactions of directors (the "Securities Code") on no less exacting the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Securities Code during the year ended December 31, 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the year, the trustee of the Restricted Share Award Scheme purchased on the Stock Exchange a total of 60,763,365 shares at total consideration of approximately HKD1,880,180,591 pursuant to the terms of the trust deed under the Restricted Share Award Scheme. A subsidiary of the Company purchased senior notes issued by the Company in an aggregate principal amount of US\$142,723,000 on the open market. In addition, the Company early redeemed the 3.9% USD Notes due in 2023 with principal amount of USD 300 million, redeemed the 3.875% USD Notes due in 2022 with principal amount of USD450 million and the RMB medium-term notes due in 2022 with principal amount of RMB 300 million.

Other than the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year.

## **PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

This results announcement is published on the websites of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company ([www.longfor.com](http://www.longfor.com)). The annual report of the Company for the year ended December 31, 2022 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By Order of the Board  
**Longfor Group Holdings Limited**  
**Chen Xuping**  
*Chairman*

Hong Kong, March 17, 2023

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