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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)

PROPOSED SPIN-OFF AND SEPARATE LISTING OF LONGFOR INTELLIGENT LIVING LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

THE PROPOSED SPIN-OFF

The Company proposes to spin-off and separately list the shares of Longfor Intelligent Living Limited, a subsidiary of the Company, on the Main Board of the Stock Exchange. The separate listing of the SpinCo Shares on the Main Board of the Stock Exchange constitutes a spin-off of SpinCo by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 7 January 2022, SpinCo submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the SpinCo Shares on the Main Board of the Stock Exchange.

As at the date of this announcement, SpinCo is a wholly-owned subsidiary of the Company. It is intended that upon completion of the Proposed Spin-off and the Listing, the Company will have an interest of no less than 50% in SpinCo and SpinCo will remain as a subsidiary of the Company.

The Spin-off Group is principally engaged in the provision of property management services and commercial operational services in the PRC.

LISTING RULES IMPLICATIONS

The Proposed Spin-off will be effected by way of the Global Offering and the Distribution. The Distribution does not constitute a transaction for the Company under Chapter 14 of the Listing Rules. The Global Offering constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As each of the applicable percentage ratios under Rule 14.07 of the Listing Rules for the Proposed Spin-off is expected to be below 5%, the Proposed Spin-off does not constitute a notifiable transaction for the Company pursuant to Chapter 14 of the Listing Rules. The announcement is published in accordance with PN15.

GENERAL

Shareholders and other investors are reminded that there is no assurance that the Stock Exchange will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among other things, the approval of the Stock Exchange, the final decision of the Board and the board of directors of SpinCo, market conditions and other considerations, the Proposed Spin-off may or may not materialize and the Distribution may or may not be made. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Company proposes to spin-off and separately list the shares of Longfor Intelligent Living Limited (“**SpinCo**”), a subsidiary of the Company, on the Main Board of the Stock Exchange by way of the Global Offering and the Distribution of part of the SpinCo Shares to the Shareholders. The separate listing of the SpinCo Shares on the Main Board of the Stock Exchange constitutes a spin-off of SpinCo by the Company under PN15. The Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

On 7 January 2022, SpinCo submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the SpinCo Shares on the Main Board of the Stock Exchange.

THE PROPOSED SPIN-OFF

The Proposed Spin-off will be effected by way of the Global Offering and the Distribution of part of the SpinCo Shares to the Shareholders. The details of the Global Offering and the Distribution have yet to be finalised. As at the date of this announcement, SpinCo is a wholly-owned subsidiary of the Company. It is intended that upon completion of the Proposed Spin-off and the Listing, the Company will have an interest of no less than 50% in SpinCo and SpinCo will remain as a subsidiary of the Company.

THE SPIN-OFF GROUP

The SpinCo was incorporated in the Cayman Islands on 29 August 2018. The Spin-off Group is principally engaged in the provision of property management services and commercial operational services in the PRC.

RATIONALE AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off is in the interests of the Company and the Shareholders taken as a whole based on the following reasons:

- (a) the Proposed Spin-off will better position each of the Retained Group and the Spin-off Group as an independent listed group for respective growth in the Retained Group's and the Spin-off Group's businesses and deliver benefits to both groups. The Proposed Spin-off will facilitate the further growth and business transformation of the Spin-off Group and allow investors to appraise and assess the Spin-off Group's performance and potential through increased operational and financial transparency;
- (b) The Proposed Spin-off will create a new investor base for and provide an opportunity to realize the value of the investment in the Spin-off Group as they will be able to attract new investors who are seeking investments specifically in the commercial operational and property management services sector. The investors will be provided with more details of the operational performance of the Spin-off Group's business and will be given the opportunity to invest specifically in the Spin-off Group's business. The Spin-off Group will also be able to attract strategic investors and potentially form strategic partnerships with synergetic effect directly with other industry participants;
- (c) The Proposed Spin-off will allow the Spin-off Group to position themselves as an independent listed group with separate fundraising platforms with direct access to both the debt and equity capital markets, which will increase their respective financial flexibility and enhance their ability to raise external capital to support each of their sustainable business growth;
- (d) The Proposed Spin-off will strengthen the operational management ability of the Spin-off Group, where their management teams can focus more efficiently on their business, thereby simplifying the decision-making process and increasing their responsiveness to market changes and opportunities specific to the business of the Spin-off Group. The Proposed Spin-off will also allow SpinCo's management teams to enhance corporate governance through public scrutiny. The Proposed Spin-off will put their senior management team under heightened scrutiny from the investor community more directly and their performance will be measured against the stock market performance of SpinCo relative to its industry peers listed on the Stock Exchange. It will also be possible to link management incentives to such performance, thereby increasing management motivation and commitment;
- (e) As the Spin-off Group will remain as our subsidiary upon completion of the Proposed Spin-off, the Company and its Shareholders will continue to enjoy the benefits from the future development and growth of the Spin-off Group; and
- (f) The Proposed Spin-off will enhance the brand recognition and market reputation and promote the sustainable development of the Spin-off Group, thus leading to potentially better operational performance and better realisation of the value of the Spin-off Group. This will provide our existing Shareholders with an opportunity to increase the value of investment under such separate standalone platform for the Spin-off Group.

ASSURED ENTITLEMENT AND FURTHER ANNOUNCEMENT

According to the assured entitlement requirements under PN15 and in giving due regard to the interests of the Shareholders, the Board intends to effect the Distribution of part of the SpinCo Shares to the Shareholders in accordance with the articles of association of the Company and all relevant laws and regulations subject to certain conditions. Details of such assured entitlement have not yet been finalized. The Company will make further announcement(s) in this regard as and when appropriate.

INFORMATION ON THE GROUP

The Company is one of the leading property developers in the PRC and is dedicated to developing and operating high quality, large-scale and multi-functional commercial real estate projects, with extensive presence in the businesses of property development, property investment, property management businesses and other property related services in the PRC.

LISTING RULES IMPLICATIONS

The Proposed Spin-off constitutes a deemed disposal of the interest in a subsidiary of the Company under Rule 14.29 of the Listing Rules. As each of the applicable percentage ratio under Rule 14.07 of the Listing Rules for the Proposed Spin-off is expected to be below 5%, the Proposed Spin-off will not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules.

GENERAL

A redacted form of the application proof of SpinCo's listing document (the "**Application Proof**") is expected to be available for reviewing and downloading on the Stock Exchange's website at <http://www.hkexnews.hk/APP/SEHKAPPMainIndex.htm>. The Application Proof contains, among other things, certain business and financial information relating to the Spin-off Group. Shareholders should note that the Application Proof is in draft form and the information contained in it is subject to change which may be material.

Shareholders and other investors are reminded that there is no assurance that the Stock Exchange will approve the Proposed Spin-off and the Listing. The Company will make further announcement(s) in relation to the Proposed Spin-off as and when appropriate.

As the Listing is conditional upon, among other things, the approval of the Stock Exchange, the final decision of the Board and the board of directors of SpinCo, market conditions and other considerations, the Proposed Spin-off may or may not materialize and the Distribution may or may not be made. Shareholders and other investors are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Company”	Longfor Group Holdings Limited (龍湖集團控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 960)
“Director(s)”	the director(s) of the Company
“Distribution”	the distribution in specie of part of the SpinCo Shares to the Qualifying Shareholders as a special dividend to be declared by the Company, subject to completion of the Listing and fulfillment of some other conditions
“Global Offering”	the offering to the public in Hong Kong for subscription in relation to the SpinCo Shares, and the international offering to certain professional and institutional investors and other investors
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing”	the listing of the SpinCo Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	Shareholders whose names appeared in the register of members of the Company on the Record Date and whose addresses as shown in such register are in any of the specified territories and any Shareholders or beneficial Shareholders at that time who are otherwise known by the Company to be resident in any of the specified territories
“PN15”	Practice Note 15 to the Listing Rules
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“Proposed Spin-off”	the proposed spin-off and separate listing of the SpinCo on the Main Board of the Stock Exchange

“Qualifying Shareholders”	Shareholders whose names appeared in the register of members of the Company on the Record Date, other than Non-Qualifying Shareholders
“Record Date”	the record date for ascertaining the Qualifying Shareholders who shall be entitled to the Distribution
“Retained Group”	the Company and its subsidiaries, excluding the Spin-off Group
“Shareholder(s)”	shareholder(s) of the Company
“SpinCo”	Longfor Intelligent Living Limited (龍湖智創生活有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement
“SpinCo Shares”	ordinary shares in the share capital of SpinCo
“Spin-off Group”	SpinCo and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning ascribed to it under the Listing Rules

By order of the Board
Longfor Group Holdings Limited
WU Yajun
Chairperson

Hong Kong, 7 January 2022

As at the date of this announcement, the Board comprises eight members: Madam WU Yajun, Mr. SHAO Mingxiao, Mr. ZHAO Yi, 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.