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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, 2021

FINANCIAL SUMMARY

- Contracted sales increased by 7.2% to RMB290.09 billion as compared with that of last year.
- Revenue increased by 21.0% to RMB223.38 billion as compared with that of last year, of which the rental income from the property investment business increased by 37.5% year-on-year to RMB10.41 billion.
- Profit attributable to shareholders was RMB23.85 billion. Excluding effects of fair value changes, core net profit attributable to shareholders increased by 20.1% to RMB22.44 billion as compared with that of last year. Gross profit increased by 4.6% year-on-year to RMB56.54 billion, gross profit margin was 25.3%. Core net profit margin was 13.3%, and core net profit margin attributable to shareholders was 10.0%.
- The net debt to equity ratio (net debt divided by total equity) was 46.7%. Cash in hand was RMB88.53 billion.
- Consolidated total borrowing was RMB192.07 billion and average cost of borrowing was 4.14% per annum. Average maturity period of loan was 6.38 years.
- Basic earnings per share were RMB4.047. Excluding effects of fair value changes, core basic earnings per share increased by 19.6% to RMB3.807 as compared with that of last year. The Board recommends a final dividend of RMB1.23 per share. Together with the interim dividend of RMB0.47 per share, the total dividend increased by 18.9% year-on-year to RMB1.70 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, 2021 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, 2021

	<i>NOTES</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	2	223,375,477	184,547,296
Cost of sales		<u>(166,834,534)</u>	<u>(130,516,775)</u>
Gross profit		56,540,943	54,030,521
Other income	3	2,440,827	1,466,409
Other gains and losses	4	181,958	455,306
Lease liability charges		(786,022)	(725,940)
Fair value gain (loss) upon transfer to investment properties		3,256	(41,995)
Change in fair value of investment properties		2,846,330	2,351,050
Change in fair value of other derivative financial instruments		(102,152)	(13,532)
Selling and marketing expenses		(5,463,606)	(5,033,937)
Administrative expenses		(10,820,974)	(7,294,236)
Finance costs	5	(146,273)	(105,970)
Share of results of associates		1,343,606	691,264
Share of results of joint ventures		<u>1,588,881</u>	<u>590,803</u>
Profit before taxation		47,626,774	46,369,743
Income tax expense	6	<u>(15,838,580)</u>	<u>(17,529,431)</u>
Profit for the year	7	<u>31,788,194</u>	<u>28,840,312</u>
Profit attributable to:			
Owners of the Company		23,853,686	20,002,025
Non-controlling interests		<u>7,934,508</u>	<u>8,838,287</u>
		<u>31,788,194</u>	<u>28,840,312</u>

	<i>NOTES</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year		<u>31,788,194</u>	<u>28,840,312</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>2,644,579</u>	<u>1,145,616</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value losses on hedging instruments		<u>(900,484)</u>	<u>(1,058,580)</u>
Gains on hedging instruments reclassified to profit or loss		<u>571,083</u>	<u>1,561,136</u>
		<u>(329,401)</u>	<u>502,556</u>
Total other comprehensive income		<u>2,315,178</u>	<u>1,648,172</u>
Total comprehensive income for the year		<u>34,103,372</u>	<u>30,488,484</u>
Total comprehensive income attributable to:			
Owners of the Company		<u>26,168,864</u>	<u>21,650,197</u>
Non-controlling interests		<u>7,934,508</u>	<u>8,838,287</u>
		<u>34,103,372</u>	<u>30,488,484</u>
Earnings per share, in RMB			
Basic	9	<u>4.05</u>	<u>3.41</u>
Diluted	9	<u>3.99</u>	<u>3.34</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2021

	<i>NOTES</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
NON-CURRENT ASSETS			
Investment properties		174,765,290	152,485,798
Property, plant and equipment		3,649,054	2,808,526
Right-of-use assets		1,696,354	1,529,334
Goodwill		3,838,796	275,976
Intangible assets		2,403,421	213,848
Interests in associates		15,110,869	10,565,712
Interests in joint ventures		11,636,049	7,569,592
Equity instruments designated at FVTOCI		7,168,444	3,781,062
Derivative financial instruments		103,390	286,089
Deferred taxation assets		10,891,252	8,866,713
		<u>231,262,919</u>	<u>188,382,650</u>
CURRENT ASSETS			
Inventories of properties		404,909,289	375,139,846
Other inventories		582,977	483,111
Deposits paid for acquisition of properties held for development		8,450,249	6,152,572
Accounts and other receivables, deposits and prepayments	<i>10</i>	37,466,266	30,739,772
Contract cost		523,650	–
Amounts due from non-controlling interests		73,228,617	60,349,738
Amounts due from associates		13,124,333	9,125,446
Amounts due from joint ventures		7,823,170	10,167,763
Taxation recoverable		9,663,584	6,350,307
Financial assets at fair value through profit or loss (“FVTPL”)		76,000	440,000
Derivative financial instruments		5,507	–
Pledged bank deposits		430,291	821,790
Bank balances and cash		88,104,255	77,005,830
		<u>644,388,188</u>	<u>576,776,175</u>

	<i>NOTES</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
CURRENT LIABILITIES			
Accounts and bills payables, other payables and accrued charges	<i>11</i>	134,185,492	113,216,036
Contract liabilities		194,874,180	182,388,939
Amounts due to non-controlling interests		45,865,816	36,262,798
Amounts due to associates		10,496,275	7,363,712
Amounts due to joint ventures		8,112,495	7,310,672
Taxation payable		37,014,384	33,352,975
Lease liabilities – due within one year		1,383,369	1,272,830
Bank and other borrowings – due within one year		11,585,127	18,338,133
Senior notes – due within one year		2,915,987	–
Derivative financial instruments		108,908	–
Other derivative financial instrument		876	2,120
		446,542,909	399,508,215
NET CURRENT ASSETS			
		197,845,279	177,267,960
TOTAL ASSETS LESS CURRENT LIABILITIES			
		429,108,198	365,650,610
CAPITAL AND RESERVES			
Share capital		528,529	527,214
Reserves		124,420,716	107,816,716
Equity attributable to owners of the Company		124,949,245	108,343,930
Non-controlling interests		96,928,363	84,380,223
TOTAL EQUITY			
		221,877,608	192,724,153
NON-CURRENT LIABILITIES			
Deferred consideration payable		460,405	–
Financial liabilities at FVTPL		112,762	–
Lease liabilities – due after one year		14,684,321	12,439,194
Bank and other borrowings – due after one year		162,855,029	130,996,474
Senior notes – due after one year		14,710,369	18,032,587
Derivative financial instruments		1,478,904	864,522
Other derivative financial instruments		150,183	30,299
Deferred taxation liabilities		12,778,617	10,563,381
		207,230,590	172,926,457
		429,108,198	365,650,610

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

1. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

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 annual periods beginning on or after January 1, 2021 for the preparation of the consolidated financial statements:

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

In addition, the Group has early applied the Amendments to IFRS 16 Covid-19-Related Rent Concessions beyond June 30, 2021. The Group also applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the IASB issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

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

1.1 Impacts on application of Amendment to IFRS 16 Covid-19-Related Rent Concessions and early application of Amendment to IFRS 16 Covid-19-Related Rent Concessions beyond June 30, 2021

The Group has applied the Amendment to IFRS 16 *Covid-19-Related Rent Concessions* for the first time and early applied the Amendment to IFRS 16 *Covid-19-Related Rent Concessions beyond June 30, 2021* in the current year retrospectively. The amendments introduce a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions that occurred as a direct consequence of the Covid-19 pandemic that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 *Leases* (“IFRS 16”) if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of these amendments has had no material impact on the Group’s financial positions and performance in the current and prior years as the Group opted not to apply the practical expedient, but applied the applicable requirements of IFRS 16 to account for rent concessions provided by certain lessors.

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

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 *Financial Instruments: Disclosures*.

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

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

	Hong Kong Interbank Offered Rate (“HIBOR”)
Financial liabilities	
Bank loans	RMB37,035,384,000
Derivatives	
Interest rate swaps	HKD8,800,000,000

The Group intends to apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

1.3 *Impacts on application of the agenda decision of the Committee – Cost necessary to sell inventories (IAS 2 Inventories)*

In June 2021, the Committee, through its agenda decision, clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories. In particular, whether such costs should be limited to those that are incremental to the sale. The Committee concluded that the estimated costs necessary to make the sale should not be limited to those that are incremental but should also include costs that an entity must incur to sell its inventories including those that are not incremental to a particular sale.

The Group’s accounting policy prior to the Committee’s agenda decision was to determine the net realisable value of inventories taking into consideration incremental costs only. Upon application of the Committee’s agenda decision, the Group changed its accounting policy to determine the net realisable value of inventories taking into consideration both incremental costs and other cost necessary to sell inventories. The new accounting policy has been applied retrospectively.

The application of the Committee’s agenda decision has had no material impact on the Group’s financial positions and performance.

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

(a) Segment results, 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 and contract liabilities but exclude taxation payable, deferred taxation liabilities, bank and other borrowings, senior notes, derivative financial instruments, other derivative financial instruments and other corporate liabilities. Other corporate liabilities are not allocated to the operating segment because they are head office liabilities or liabilities which are managed on a group basis.

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

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, 2021			Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	
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>
	Year ended December 31, 2020			Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	
Revenue from external customers				
Recognised at a point in time	156,206,825	–	576,213	156,783,038
Recognised over time	14,774,416	7,576,110	5,413,732	27,764,258
Inter-segment revenue	–	–	1,906,791	1,906,791
Segment revenue	<u>170,981,241</u>	<u>7,576,110</u>	<u>7,896,736</u>	<u>186,454,087</u>
Segment profit (Adjusted Earnings)	<u>41,400,941</u>	<u>4,987,239</u>	<u>1,882,464</u>	<u>48,270,644</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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue		
Segment revenue	227,939,521	186,454,087
Elimination of inter-segment revenue	<u>(4,564,044)</u>	<u>(1,906,791)</u>
Consolidated revenue	<u>223,375,477</u>	<u>184,547,296</u>
Profit		
Segment profit	50,291,315	48,270,644
Other income	2,440,827	1,466,409
Other gains and losses	181,958	455,306
Fair value gain (loss) upon transfer to investment properties	3,256	(41,995)
Change in fair value of investment properties	2,846,330	2,351,050
Change in fair value of other derivative financial instruments	(102,152)	(13,532)
Finance costs	(146,273)	(105,970)
Share of results of associates	1,343,606	691,264
Share of results of joint ventures	1,588,881	590,803
Depreciation and amortisation	(488,605)	(258,116)
Unallocated expenses	<u>(10,332,369)</u>	<u>(7,036,120)</u>
Consolidated profit before taxation	<u>47,626,774</u>	<u>46,369,743</u>
Assets		
Segment assets	589,881,029	526,546,019
Cumulative change in fair value of investment properties	38,959,583	36,109,997
Interests in associates	15,110,869	10,565,712
Interests in joint ventures	11,636,049	7,569,592
Equity instruments designated at FVTOCI	7,168,444	3,781,062
Deposits paid for acquisition of properties held for development	8,450,249	6,152,572
Deferred taxation assets	10,891,252	8,866,713
Derivative financial instruments	108,897	286,089
Taxation recoverable	9,663,584	6,350,307
Financial assets at FVTPL	76,000	440,000
Unallocated head office and other assets	<u>183,705,151</u>	<u>158,490,762</u>
Consolidated total assets	<u>875,651,107</u>	<u>765,158,825</u>
Liabilities		
Segment liabilities	314,148,348	286,105,977
Taxation payable	37,014,384	33,352,975
Deferred taxation liabilities	12,778,617	10,563,381
Bank and other borrowings	174,440,156	149,334,607
Senior notes	17,626,356	18,032,587
Derivative financial instruments	1,587,812	864,522
Other derivative financial instruments	151,059	32,419
Unallocated head office and other liabilities	<u>96,026,767</u>	<u>74,148,204</u>
Consolidated total liabilities	<u>653,773,499</u>	<u>572,434,672</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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of properties		
Recognised at a point in time	193,345,489	156,206,825
Recognised over time	11,200,020	14,774,416
	204,545,509	170,981,241
Property development segment		
Revenue from property management and related services and others		
Recognised at a point in time	1,103,737	576,213
Recognised over time	7,312,592	5,413,732
	8,416,329	5,989,945
Property management and related services and others		
Revenue from contract with customers	212,961,838	176,971,186
Rental income	10,413,639	7,576,110
	223,375,477	184,547,296
Total revenue	<u>223,375,477</u>	<u>184,547,296</u>

(d) **Leases**

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
For operating leases:		
Lease payments that are fixed (including those under subleases)	9,987,194	7,252,159
Variable lease payments that do not depend on an index or a rate	426,445	323,951
	10,413,639	7,576,110
Total revenue arising from leases	<u>10,413,639</u>	<u>7,576,110</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	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Beijing	10,421,516	4,276,253	23,835,412	19,708,539
Chengdu	16,805,362	15,338,435	21,820,101	20,082,649
Chongqing	22,363,063	29,085,889	34,562,722	32,254,928
Changsha	9,773,197	4,789,091	2,818,558	1,552,772
Fuzhou	8,182,696	5,637,149	674,568	148,865
Hangzhou	16,464,144	15,943,072	21,297,590	17,209,050
Nanjing	9,100,731	7,212,500	11,577,245	10,140,006
Shanghai	8,785,484	11,759,954	17,893,959	16,901,555
Sunan	10,057,163	5,851,121	2,333,586	1,104,959
Shenyang	11,624,691	9,344,402	2,287,095	593,613
Suzhou	10,014,699	5,033,130	10,154,774	7,769,233
Xi'an	8,913,903	8,925,161	2,253,019	2,253,192
Other cities in the PRC	80,868,828	61,351,139	61,591,204	45,729,425
	<u>223,375,477</u>	<u>184,547,296</u>	<u>213,099,833</u>	<u>175,448,786</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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income	1,206,692	823,215
Government subsidies (<i>Note a</i>)	583,108	83,986
Penalty income (<i>Note b</i>)	107,126	183,555
Consultancy income (<i>Note c</i>)	251,460	211,714
Sundry income	292,441	163,939
Total	<u>2,440,827</u>	<u>1,466,409</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

	2021	2020
	RMB'000	RMB'000
(Loss) gain on disposal of property, plant and equipment	(2,711)	2,713
Net exchange gains (<i>Note</i>)	757,886	2,014,327
Reclassification of fair value losses of hedging instruments from hedging reserve	(571,083)	(1,561,136)
Others	(2,134)	(598)
	<u>181,958</u>	<u>455,306</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

	2021	2020
	RMB'000	RMB'000
Interest on bank and other borrowings	(7,212,193)	(7,222,031)
Interest expense on senior notes	(729,832)	(756,528)
	(7,942,025)	(7,978,559)
Less: Amount capitalised to properties under development for sales and investment properties under development	<u>7,795,752</u>	<u>7,872,589</u>
	<u>(146,273)</u>	<u>(105,970)</u>

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 4.06% (2020: 4.48%) per annum for the year ended December 31, 2021, to expenditure on the qualifying assets.

6. INCOME TAX EXPENSE

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax		
EIT	(10,884,038)	(10,696,401)
Withholding tax on distributed earnings	(247,446)	(319,693)
LAT	<u>(6,909,857)</u>	<u>(8,591,298)</u>
	<u>(18,041,341)</u>	<u>(19,607,392)</u>
Overprovision in prior years:		
EIT (<i>Note a</i>)	617,964	453,914
LAT (<i>Note b</i>)	<u>1,245,732</u>	<u>869,022</u>
	<u>1,863,696</u>	<u>1,322,936</u>
Deferred taxation		
Current year	<u>339,065</u>	<u>755,025</u>
	<u>(15,838,580)</u>	<u>(17,529,431)</u>

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 year ended December 31, 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.

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation 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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	8,060	8,144
Cost of property inventories included in cost of sales	157,401,150	124,289,330
Depreciation of property, plant and equipment	277,284	160,965
Depreciation of right-of-use assets	81,496	78,871
Amortisation of intangible assets	129,825	18,280
Staff costs		
Directors' emoluments (including equity-settled share-based payments)	303,947	186,356
Other staff costs		
Retirement benefit contributions	854,250	432,146
Equity-settled share-based payments	618,352	404,250
Other staff costs	8,005,345	5,797,438
Total staff costs	9,781,894	6,820,190
Less: Amount capitalised to properties under development for sales and investment properties under development	(2,319,191)	(1,517,342)
	<u>7,462,703</u>	<u>5,302,848</u>
Minimum lease income from investment properties	(9,987,194)	(7,252,159)
Contingent rental income	(426,445)	(323,951)
Less: direct expenses that generated rental income	2,629,493	1,671,657
	<u>(7,784,146)</u>	<u>(5,904,453)</u>

8. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
Interim dividend recognised in respect of 2021 of RMB0.47 (2020: RMB0.40) per share	2,854,924	2,423,341
Final dividend paid in respect of 2020 of RMB1.03 (2020: in respect of 2019 of RMB0.84) per share	<u>6,247,401</u>	<u>5,035,456</u>
	<u>9,102,325</u>	<u>7,458,797</u>

Subsequent to the end of the reporting period, a final dividend of RMB7,471,401,000, representing RMB1.23 per share, based on the number of shares in issue as at December 31, 2021, in respect of the year ended December 31, 2021 (2020: final dividend of RMB6,240,269,000, representing RMB1.03 per share, in respect of the year ended December 31, 2020) 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	<u>23,853,686</u>	<u>20,002,025</u>

Number of shares

	2021 <i>'000</i>	2020 <i>'000</i>
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,893,929	5,869,386
Effect of dilutive potential ordinary shares in respect of – Share options and share awards	<u>90,826</u>	<u>112,087</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	<u>5,984,755</u>	<u>5,981,473</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.

10. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables (<i>Note a</i>)		
– Contract with customers	3,600,681	2,534,201
– Rental	<u>117,895</u>	<u>96,415</u>
	3,718,576	2,630,616
Other receivables, net of allowance for doubtful debts (<i>Note b</i>)	7,074,440	6,962,012
Advances to contractors	3,215,442	2,608,750
Prepaid value added tax and other taxes	22,798,465	16,637,315
Prepayments and utilities deposits (<i>Note c</i>)	<u>659,343</u>	<u>1,901,079</u>
	<u>37,466,266</u>	<u>30,739,772</u>

Notes:

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

As at January 1, 2020, trade receivables from contract with customers amount to RMB3,052,232,000.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 60 days	2,975,012	2,254,739
61 – 180 days	585,919	88,033
181 – 365 days	69,180	278,477
1 – 2 years	56,497	9,367
2 – 3 years	19,161	–
Over 3 years	<u>12,807</u>	<u>–</u>
	<u>3,718,576</u>	<u>2,630,616</u>

As at December 31, 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,619,397,000 (2020: RMB2,570,411,000) which are past due as at the reporting date. Out of the past due balances, RMB336,814,000 (2020: RMB375,877,000) 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, there are payment mainly for the properties held for development included in the prepayments and utilities deposits amounting to RMB597,000,000 (2020: RMB1,850,406,000) which are paid on behalf of certain entities which the Group potentially invests in them (“potential investees”). In the opinion of the directors, such payments are prepayment for property development projects for those potential investees.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables and accrued expenditure on construction (<i>Note a</i>)	101,333,317	89,886,799
Bills payables (<i>Note a</i>)	27,989	118,215
	101,361,306	90,005,014
Dividend payables	2,854,924	2,423,341
Other payables and accrued charges (<i>Note b</i>)	18,108,609	12,714,377
Value added tax payables	10,588,648	7,607,242
Consideration payable within 1 year for acquisition of assets and liabilities through acquisition of subsidiaries	375,068	414,757
Consideration payable for business combination	1,357,342	51,305
	134,645,897	113,216,036
Less: Consideration payable due after one year shown under non-current liabilities	(460,405)	–
Amount due within one year shown under current liabilities	134,185,492	113,216,036

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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within 60 days	21,997,788	32,070,812
61 – 180 days	26,347,778	23,106,270
181 – 365 days	26,077,696	16,691,969
1 – 2 years	8,312,763	3,175,846
2 – 3 years	1,824,726	1,063,962
Over 3 years	930,838	259,089
	<u>85,491,589</u>	<u>76,367,948</u>

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

CHAIRMAN STATEMENT

I am pleased to present you the full-year business review and outlook of Longfor Group Holdings Limited (“the Company”), together with its subsidiaries (collectively “the Group”), for the year ended December 31, 2021.

2021 has been a record year for both the industry and the Company. The full-year national property sales amounted to 18.2 trillion yuan (in RMB, the same hereinafter), up by 4.8%¹ from the previous year. The Group has achieved a steady growth across all business segments. The contracted sales of residential property reached 290.1 billion yuan, representing a year-on-year increase of 7%. The recurring income from commercial properties, rental housing and property management service and others reported 18.8 billion yuan, with a year-on-year increase of 39%. The core attributable profit increased by 20%, as the Group continued to deliver on its performance commitments.

In 2021, the landscape and the general understanding of the real estate industry had been reshaped. Policies emphasizing stability directed property developers to firmly unwind speculations and eliminate risks to promote a positive, healthy and sustainable environment. Although the market alternated between the first and second half of the year, the Group has upheld its strategic orientation, long-term principles, pragmatic business model and prudent mindset at all times.

Maintaining a sound balance sheet could not be overemphasized, as we seek business growth under the pre-requisite of strictly controlled leverage and financing costs. Being in the “Green Category” under the “Three Red Lines” and having investment-grade credit ratings from S&P, Moody’s, and Fitch, the Group’s net debt ratio was 46.7% and the average financing cost was 4.14% by the end of 2021, both of which remained stable and safe. It has taken a long time to establish trust and it requires our efforts to safeguard it. In light of this, strict capital management and disciplined financing have always been the Group’s rule of thumb.

We ensured investment success rate and improved project management capabilities. Under the centralized land auction, namely centralized land sales announcement and organizing land sale activities in a centralized way, the key to gaining sustainable and reasonable profits is to implement a complete operational chain from preliminary research and analysis to investment pace and marketing. Through data analytics and the upgrading of the underlying system, our decision-making and operations are tool-based, standardized and process-based, ensuring project investment, budgeting, contract signing and settlement are achieved as scheduled. In 2021, the Group acquired 122 new land plots with a total GFA of 23.55 million m², effectively replenishing the growth momentum.

We continued to expand our footprints in commercial property and to improve returns. With twenty-year experience and seasoned teams, we operated both an asset-light and asset-heavy model to accelerate growth in first and second-tier cities. We developed various business lines and attracted brands adapting to consumer trends, which led to an appreciation of our commercial property assets and revitalization of the regional economy. In 2021, the same-store sales and customer traffic of the Group's opened malls rose by more than 20% year-on-year, and the rental income increased by 40% to 8.15 billion yuan, helping the Group navigate through industry cycles.

The rental income from the rental housing business was 2.23 billion yuan. Our rental housing brand Goyoo has aimed to solve the problem in the quality of rental apartments for youths since its business commencement in 2017 by enhancing its premium product and consolidating its superb operational capabilities. As a result, the business started recording a profit in 2021. We believe being customer-oriented and focusing on investment return is the premise for the sustainable development of the Group's businesses.

At the beginning of 2022, the Group officially launched “Longfor Intelligent Living” — the Group's new smart lifestyle and space service brand in response to the increasing consumer demands driven by economic development. Intelligent living, as the expression of the service capability under the strategy of “Space as a Service”, will serve as a new pivot of the Group's multiple business segments and continue to benefit from the One Longfor ecosystem.

The Group has recently enhanced its organizational structure and talent management system to inject continuous vitality into the business. We have actively invested in science and technology, focused on cost reduction and efficiency improvement, and solidified the business foundation. We adjusted the traditional business operation model while optimizing business processes, operational efficiency and service quality to keep the organization evolving.

With the idea of “kindness” embedded into our DNA, the Group integrates social responsibility into our development principles. Longfor Foundation continues to dedicate its efforts in various dimensions, including caring for children, assisting education, helping the elderly and alleviating poverty. The “Da Tong Yuan Employee Care Program” has further enhanced the support and protection for our employees. The Company actively implements measures to fulfil the national requirements of energy conservation and emission reduction, promote the full coverage of green building standards into projects, and help achieve carbon peaking and carbon neutrality goals. The Group exercises the concept of sustainable development strategically and continues to broaden the boundary of kindness.

China’s economy has shown strong resilience and surging vitality in the process of transformation and upgrading. Following the overarching theme of “housing is for living, not for speculation”, the real estate industry will move forward with a new model in the next stage of a virtuous circle and healthy development. Short-term fluctuations will not falter our confidence in the outlook. Aggregation underpins our development while robustness remains to be our baseline. We move on firmly with a bright vision!

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

Longfor Group Holdings Limited
Wu Yajun
Chairperson

1. Source: National Bureau of Statistics

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

In 2021, revenue from property development business of the Group was RMB204.55 billion, representing an increase of 19.6% as compared to last year. The Group delivered 13.77 million square meters of property in gross floor area (GFA) terms. The gross profit margin of the overall property development business was 23.0%. Recognized average selling price was RMB14,852 per square meter in 2021.

Table 1: Breakdown of property development revenue of the Group in 2021

* Amount excluding tax

City	Revenue		Total GFA	
	2021 RMB million	2020 RMB million	2021 '000 Sqm	2020 '000 Sqm
Chongqing	17,750	24,906	1,682	2,121
Chengdu	14,899	13,835	960	836
Shenyang	10,541	9,154	897	711
Suzhou	9,125	4,594	469	235
Changsha	9,039	3,357	804	272
Fuzhou	7,955	5,558	456	357
Nanjing	7,933	6,810	379	260
Qingdao	7,704	5,438	621	465
Hefei	7,531	7,453	596	519
Wenzhou	7,511	1,347	338	83
Shanghai	7,484	2,270	276	104
Xi'an	7,039	5,805	440	493
Changzhou	6,993	566	384	63
Ji'nan	6,917	9,294	590	718
Guangzhou	6,676	3,572	283	135
Beijing	6,508	2,334	166	96
Kunming	6,455	1,342	490	115
Xiamen	4,962	2,718	205	147
Ningbo	4,431	11,137	269	700
Wuhan	3,794	2,578	235	155
Tianjin	3,587	2,315	227	139
Zhengzhou	3,182	196	260	12
Shaoxing	2,965	3,819	202	192
Shenzhen	2,800	–	48	–
Dongguan	2,778	–	165	–
Guiyang	2,238	1,016	190	96

City	Revenue		Total GFA	
	2021 RMB million	2020 RMB million	2021 '000 Sqm	2020 '000 Sqm
Hangzhou	2,100	6,431	103	356
Yantai	1,750	1,864	190	199
Quanzhou	1,718	1,466	175	142
Dalian	1,690	4,687	104	286
Wuxi	1,664	4,954	146	315
Jiaxing	1,575	2,436	159	183
Taiyuan	1,508	–	147	–
Xianyang	1,388	2,692	171	306
Haikou	1,218	–	51	–
Nanchang	1,030	1,468	74	135
Weihai	1,013	72	80	5
Yangzhou	979	20	67	1
Nanning	959	–	85	–
Shijiazhuang	857	350	82	38
Tangshan	839	–	75	–
Foshan	739	26	36	8
Changchun	738	–	58	–
Sanya	718	–	30	–
Zhuhai	612	1,803	28	79
Changde	499	1,238	86	180
Xuzhou	463	–	33	–
Zhongshan	431	–	31	–
Taizhou	423	–	29	–
Ganzhou	349	602	48	78
Yuxi	194	605	18	49
Putian	141	–	17	–
Baoding	104	496	9	41
Nantong	50	8,357	9	586
Total	204,546	170,981	13,773	12,011

In 2021, the Group achieved contracted sales of RMB290.09 billion, representing an increase of 7.2% as compared to last year. The Group sold 17.09 million square meters in total GFA, representing an increase of 5.7% as compared to last year. Average selling price of GFA sold was RMB16,975 per square meter, representing an increase of 1.4% as compared to last year. Contracted sales from Yangtze River Delta, western China, Pan Bohai Rim, southern China and central China were RMB81.89 billion, RMB63.91 billion, RMB72.38 billion, RMB43.33 billion and RMB28.58 billion respectively, accounting for 28.2%, 22.0%, 25.0%, 14.9% and 9.9% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group in 2021

* Amount including tax

City	Contracted sales		Total GFA	
	2021 RMB million	2020 RMB million	2021 '000 Sqm	2020 '000 Sqm
Chongqing	22,687	26,411	1,761	2,090
Hangzhou	20,707	15,138	626	517
Beijing	17,777	15,881	530	540
Chengdu	17,194	22,542	1,025	1,221
Wuhan	16,748	7,612	711	421
Jinan	15,091	7,360	1,014	517
Hefei	11,369	9,491	753	657
Shenyang	11,360	12,144	843	892
Fuzhou	8,833	8,627	522	560
Shanghai	8,774	5,126	298	168
Wenzhou	8,154	6,431	384	269
Kunming	7,975	5,218	486	346
Changsha	6,718	4,389	575	386
Xi'an	6,598	5,335	415	325
Qingdao	6,414	12,266	615	1,123
Guangzhou	6,193	9,641	193	286
Suzhou	6,038	14,352	346	607
Nanjing	5,919	7,853	280	372
Tianjin	5,863	3,432	312	200
Changchun	5,463	928	409	70
Ningbo	4,942	9,053	173	402
Xiamen	4,097	2,122	149	73
Guiyang	4,022	3,350	324	289
Shaoxing	3,983	4,428	188	248
Xianyang	3,926	3,350	422	356
Quanzhou	3,642	2,386	334	216
Dongguan	3,633	1,228	161	57
Shijiazhuang	3,395	1,891	195	137
Changzhou	3,204	4,482	171	221
Zhengzhou	3,170	2,815	226	182
Taizhou	3,062	–	197	–
Dalian	2,873	2,529	194	172
Hong Kong	2,834	2,024	12	07
Wuxi	2,428	1,349	157	96
Putian	2,406	795	319	80
Zhuhai	1,671	1,478	76	66
Haikou	1,623	1,428	68	59

City	Contracted sales		Total GFA	
	2021	2020	2021	2020
	RMB million	RMB million	'000 Sqm	'000 Sqm
Huizhou	1,556	3,134	130	286
Foshan	1,424	361	90	22
Jiaxing	1,367	4,928	134	345
Lanzhou	1,360	–	116	–
Weihai	1,308	824	118	68
Sanya	1,230	–	50	–
Nanning	1,181	2,826	107	230
Yantai	1,018	2,033	96	206
Yangzhou	978	658	65	42
Taiyuan	963	788	95	68
Nanchang	760	1,203	74	85
Tangshan	587	1,143	52	99
Jiangmen	578	417	67	46
Ningde	566	–	40	–
Ganzhou	560	445	57	51
Zhongshan	547	810	38	61
Changde	471	616	74	82
Shenzhen	463	2,716	17	43
Yancheng	413	–	19	–
Zhangzhou	385	810	29	52
Huzhou	371	–	18	–
Jinzhong	266	85	28	8
Qingyuan	228	–	25	–
Nantong	183	553	16	24
Ezhou	158	–	29	–
Yuxi	143	569	11	47
Maoming	86	167	13	23
Zhanjiang	78	–	5	–
Zhaoqing	75	87	11	12
Xuzhou	1	551	1	34
Total	290,090	270,609	17,089	16,162

As at December 31, 2021, the Group had sold but unrecognized contracted sales of RMB314.50 billion (with an area of around 19.00 million square meters), which formed a solid basis for the Group's sustainable and stable growth in the core net profit in the future.

PROPERTY INVESTMENT

The Group maintains a prudent property investment strategy. Currently, investment properties of the Group are mainly shopping malls under three major product series, namely Paradise Walk series, which are one-stop experiencing shopping malls, Starry Street series, which are community shopping malls, and MOCO, which are mid to high-end household and lifestyle shopping centers. In addition to the shopping malls, 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 2021, the rental income, net of tax, of the Group’s property investment business was RMB10.41 billion[#], representing an increase of 37.5% as compared to last year. The rental income from shopping malls, rental housing and others accounted for 77.3%[#], 21.4% and 1.3% of the total rental income respectively. As at December 31, 2021, the Group has shopping malls of 5.94 million square meters (7.49 million square meters in GFA with parking space included) which have commenced operation with an occupancy rate of 97.2%. 106,000 apartments of Goyoo have commenced operation with the occupancy rate of 92.9%, 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 94.3%.

[#] Excluding Beijing Chang’an Paradise Walk etc.

Table 3: Breakdown of rental income of shopping malls of the Group in 2021^{##}

* Amount excluding tax

	GFA sqm	Rental income RMB’000	2021		2020		Change of Rental Income	
			% of Revenue	Occupancy Rate	Rental Income RMB’000	% of Revenue		Occupancy Rate
Chongqing North Paradise Walk	120,778	548,816	6.7%	99.7%	492,691	8.4%	100.0%	11.4%
Chongqing West Paradise Walk	76,031	147,316	1.8%	98.6%	143,331	2.5%	95.0%	2.8%
Chongqing Time Paradise Walk Phase I	160,168	394,704	4.8%	98.3%	395,360	6.7%	98.4%	-0.2%
Chongqing Time Paradise Walk Phase II	154,460	287,240	3.5%	98.0%	247,903	4.2%	95.7%	15.9%
Chongqing Time Paradise Walk Phase III	73,774	92,664	1.1%	93.8%	90,940	1.6%	94.8%	1.9%
Chengdu Three Thousand Paradise Walk	38,043	33,142	0.4%	92.7%	35,023	0.6%	93.2%	-5.4%
Chengdu North Paradise Walk	215,536	178,054	2.2%	84.3%	169,697	2.9%	89.5%	4.9%
Chengdu Time Paradise Walk Phase I	61,989	58,813	0.7%	96.4%	50,487	0.9%	98.1%	16.5%

	2021				2020			Change of Rental Income
	GFA <i>sqm</i>	Rental income <i>RMB'000</i>	% of Revenue	Occupancy Rate	Rental Income <i>RMB'000</i>	% of Revenue	Occupancy Rate	
Beijing Changying Paradise Walk	221,286	520,603	6.4%	99.4%	451,022	7.7%	98.8%	15.4%
Hangzhou Jinsha Paradise Walk	151,135	316,264	3.9%	99.0%	260,653	4.5%	99.5%	21.3%
Chengdu Jinnan Paradise Walk	91,638	140,384	1.7%	99.0%	131,133	2.3%	99.1%	7.1%
Beijing Daxing Paradise Walk	144,565	242,882	3.0%	99.9%	209,566	3.6%	98.5%	15.9%
Shanghai Hongqiao Paradise Walk	170,450	153,976	1.9%	97.0%	144,457	2.5%	92.1%	6.6%
Chongqing U-City Paradise Walk Phase I	15,516	19,686	0.2%	100.0%	17,288	0.3%	100.0%	13.9%
Chongqing U-City Paradise Walk Phase II	96,411	153,638	1.9%	96.9%	121,861	2.1%	98.6%	26.1%
Chongqing Hometown Paradise Walk	93,152	135,610	1.7%	99.9%	127,233	2.2%	99.7%	6.6%
Hangzhou Binjiang Paradise Walk Phase I	158,067	330,613	4.1%	98.8%	282,085	4.8%	98.9%	17.2%
Suzhou Shishan Paradise Walk	197,466	320,853	3.9%	99.5%	289,581	5.0%	96.2%	10.8%
Shanghai Baoshan Paradise Walk	98,339	232,760	2.9%	99.9%	206,049	3.5%	99.4%	13.0%
Changzhou Longcheng Paradise Walk	119,328	119,621	1.5%	96.7%	93,680	1.6%	96.7%	27.7%
Beijing Fangshan Paradise Walk	103,688	203,200	2.5%	100.0%	166,450	2.9%	99.0%	22.1%
Chengdu Xichen Paradise Walk	152,639	168,546	2.1%	97.5%	142,628	2.5%	93.6%	18.2%
Chengdu Binjiang Paradise Walk	140,000	152,541	1.9%	97.3%	134,294	2.3%	96.5%	13.6%
Hangzhou Binjiang Paradise Walk Phase II	22,627	36,037	0.4%	97.3%	33,567	0.6%	98.5%	7.4%
Hangzhou Xixi Paradise Walk	130,063	236,118	2.9%	97.4%	204,311	3.5%	97.4%	15.6%
Hangzhou Zijing Paradise Walk	83,000	135,928	1.7%	96.1%	121,863	2.1%	96.7%	11.5%
Shanghai Huajing Paradise Walk	42,253	68,312	0.8%	97.9%	70,698	1.2%	93.4%	-3.4%
Shanghai Minhang Paradise Walk	94,859	168,086	2.1%	99.5%	148,928	2.6%	99.1%	12.9%
Hefei Yaohai Paradise Walk	98,320	62,997	0.8%	90.7%	71,132	1.2%	90.4%	-11.4%
Nanjing Liuhe Paradise Walk	108,000	70,749	0.9%	91.9%	89,675	1.5%	92.9%	-21.1%
Beijing Chang'an Paradise Walk	52,563	103,470	1.3%	100.0%	86,069	1.5%	99.5%	20.2%
Nanjing Longwan Paradise Walk	120,367	179,180	2.2%	96.3%	100,662	1.7%	100.0%	78.0%
Nanjing Jiangbei Paradise Walk	146,286	161,640	2.0%	95.6%	53,325	0.9%	98.6%	203.1%
Xi'an Xiangti Paradise Walk	78,962	77,761	1.0%	99.4%	6,150	0.1%	99.6%	1164.4%
Chongqing Jinsha Paradise Walk	204,113	336,649	4.1%	97.7%	15,272	0.3%	98.6%	2104.4%
Chengdu Shangcheng Paradise Walk	114,227	141,950	1.7%	96.1%	43,721	0.8%	99.7%	224.7%
Chengdu Time Paradise Walk Phase II	63,183	58,833	0.7%	98.5%	16,387	0.3%	98.9%	259.0%
Suzhou Star Lake Paradise Walk	112,537	116,796	1.4%	97.2%	26,405	0.5%	97.0%	342.3%
Chongqing Lijia Paradise Walk	110,508	134,288	1.6%	97.6%	10,444	0.2%	97.1%	1185.8%
Ji'nan Olympic Sports Paradise Walk	77,571	89,888	1.1%	95.5%	7,179	0.1%	100.0%	1152.1%
Beijing Lize Paradise Walk	92,014	108,423	1.3%	99.5%	-	-	-	

	2021				2020			Change of Rental Income
	GFA <i>sqm</i>	Rental income <i>RMB'000</i>	% of Revenue	Occupancy Rate	Rental Income <i>RMB'000</i>	% of Revenue	Occupancy Rate	
Suzhou Shishan Paradise Walk Block B	12,259	12,899	0.2%	98.6%	–	–	–	
Changsha Yanghu Paradise Walk	101,629	66,499	0.8%	98.7%	–	–	–	
Wuhan Imperial Paradise Walk	138,583	127,930	1.6%	99.5%	–	–	–	
Chengdu Jinchen Paradise Walk	83,000	50,867	0.6%	98.9%	–	–	–	
Nanjing Hexi Paradise Walk	112,123	58,413	0.7%	97.7%	–	–	–	
Beijing Xiyue Paradise Walk	105,311	57,515	0.7%	100.0%	–	–	–	
Hangzhou Jiangdong Paradise Walk	107,125	38,369	0.5%	100.0%	–	–	–	
Suzhou Dongwu Paradise Walk	114,200	46,263	0.6%	100.0%	–	–	–	
Hangzhou Dingqiao Paradise Walk	125,186	50,640	0.6%	99.5%	–	–	–	
Chongqing Gongyuan Paradise Walk	138,034	8,948	0.1%	92.4%	–	–	–	
Paradise Walk Subtotal	5,643,362	7,757,374	95.2%	97.3%	5,509,200	94.7%	97.0%	40.8%
Chongqing Crystal Castle	16,161	23,722	0.3%	92.9%	22,318	0.4%	99.8%	6.3%
Chongqing Chunsen Starry Street	54,618	40,584	0.5%	96.4%	36,892	0.7%	92.3%	10.0%
Chongqing Fairy Castle	29,413	22,606	0.3%	100.0%	12,333	0.2%	100.0%	83.3%
Beijing Summer Palace Starry Street	6,320	28,925	0.4%	100.0%	24,753	0.4%	100.0%	16.9%
Xi'an Daxing Starry Street	44,227	64,213	0.8%	96.1%	57,481	1.0%	96.6%	11.7%
Xi'an Qujiang Starry Street	63,206	82,268	1.0%	98.2%	71,159	1.2%	96.5%	15.6%
Shanghai Minhang Starry Street	24,740	24,638	0.3%	86.3%	30,125	0.5%	86.5%	-18.2%
Chengdu Wuhou Starry Street	31,168	34,036	0.4%	99.9%	3,362	0.1%	100.0%	912.4%
Others	–	39,163	0.5%	N/A	18,346	0.3%	N/A	113.5%
Starry Street Subtotal	269,853	360,155	4.4%	96.6%	276,769	4.8%	96.3%	30.1%
Chongqing MOCO	29,104	33,847	0.4%	90.8%	31,764	0.5%	91.8%	6.6%
MOCO Subtotal	29,104	33,847	0.4%	90.8%	31,764	0.5%	91.8%	6.6%
Total for projects that had commenced operation	5,942,319	8,151,376	100.0%	97.2%	5,817,733	100.0%	96.9%	40.1%

In 2021, the total retail sales of shopping malls were RMB46.7 billion, representing an increase of 53% year-on-year. Annual average daily foot traffic was 2.09 million, representing an increase of 38% year-on-year.

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

Table 4: Major investment properties under construction of the Group

	Estimated Commencement of Operation	Planned GFA Sqm
Chongqing Time Paradise Walk Phase IV	2022	74,725
Chongqing Longxing Core District Paradise Walk	2022	75,652
Chongqing La Defense	2022	118,642
Beijing Yizhuang Paradise Walk	2022	114,712
Shanghai Fengxian Paradise Walk	2022	104,163
Shanghai Jinhui Paradise Walk	2022	72,559
Qingdao Jiaozhou Paradise Walk	2022	81,463
Nanchang Qingshanhu Paradise Walk	2022	75,890
Wuhan Baisha Paradise Walk	2022	36,027
Wuhan Fengsheng Road Paradise Walk	2022	100,301
Shenyang Hunnan Paradise Walk	2022	81,000
Nanning Qingxiu Paradise Walk	2022	121,426
Chengdu Shuxin Paradise Walk	2022	68,321
Ningbo Yinzhou Paradise Walk	2022	106,065
Haikou TOD Paradise Walk	2023 and hereafter	222,193
Kunming Time Paradise Walk	2023 and hereafter	132,995
Wuxi Xishan Paradise Walk	2023 and hereafter	43,474
Changsha Kaifu Paradise Walk	2023 and hereafter	96,503
Shaoxing Jinghu Paradise Walk	2023 and hereafter	126,000
Ningbo Haishu Paradise Walk	2023 and hereafter	74,153
Ji'nan Beichen Paradise Walk	2023 and hereafter	78,828
Changzhou Yuanshan Paradise Walk	2023 and hereafter	65,500
Hangzhou Binkang Paradise Walk	2023 and hereafter	74,993
Chengdu Dong'an Paradise Walk	2023 and hereafter	124,606
Nanjing Yushan Paradise Walk	2023 and hereafter	140,356
Changsha Xinyao Paradise Walk	2023 and hereafter	127,940
Hefei High-Tech Paradise Walk	2023 and hereafter	144,864

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 RMB2.85 billion in 2021.

INCOME FROM DIGITAL TECHNOLOGY SERVICES

In 2021, the total income generated from Digital Technology Services of the Group was RMB1.35 billion, which demonstrates a steady growth compared to last year. The Group will continue to provide digital technology services to each of its six 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 expand digital business scale and improve the service capacity.

COST CONTROL

In 2021, benefiting from the Group's excellent performance on acquisition of projects and sales in Tier-1 and Tier-2 cities, as well as its focus on high quality talents and organization efficiency improvement, the Group's share of general and administrative expenses to the total contracted sales increased by 1.0% to 3.7% as compared to the corresponding period of last year. Meanwhile, with the sales team focusing on the effectiveness and preciseness of the sales strategy and their further efforts committed to the routine control of the efficiency of marketing costs, the selling expenses to the total contracted sales was 1.9%, remaining stable as compared to last year.

SHARE OF RESULTS OF JOINT VENTURES

In 2021, the contribution of joint ventures was mainly from the Group's 50.0%-owned Nanjing Wanshou Road Project. The attributable profit after tax of the Group in joint ventures was RMB1,589 million.

SHARE OF RESULTS OF ASSOCIATES

In 2021, the contribution of associates was mainly from the Group's 16.0%-owned Hangzhou Shangcheng Wangjiang Project. The attributable profit after tax of the Group in associates was RMB1,344 million.

INCOME TAX EXPENSE

Income tax expense comprises PRC enterprise income tax and land appreciation tax. In 2021, the enterprise income tax expense and the land appreciation tax of the Group were RMB10.18 billion and RMB5.66 billion, respectively. The total income tax expenses for the period amounted to RMB15.84 billion.

PROFITABILITY

In 2021, the Group's core net profit margin was 13.3%, while that of last year was 14.7%; and the core net profit margin attributable to shareholders was 10.0%, while that of last year was 10.1%. 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, 2021, the Group's total land bank was 73.54 million square meters or 50.47 million square meters on an attributable basis. The average unit land cost was RMB5,251 per square meter, accounting for 30.9% 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 32.4%, 25.1%, 18.1%, 13.3% and 11.1% of the total land bank, respectively.

In 2021, the Group acquired new land bank with total GFA of 23.55 million square meters or 13.38 million square meters on an attributable basis. Average cost of acquisition on an attributable basis was RMB6,485 per square meter. In terms of regional breakdown, the newly acquired area of western China, Yangtze River Delta, central China, Pan Bohai Rim and southern China accounted for 28.8%, 26.6%, 20.3%, 14.4% and 9.9% of the total GFA of the newly acquired land bank.

Subsequent to the end of the reporting period[#], the Group acquired new land bank with total GFA of 0.94 million square meters or 0.49 million square meters on an attributable basis. In terms of regional breakdown, land bank newly acquired subsequent to the end of the reporting period in Yangtze River Delta, central China and southern China accounted for 82.0%, 10.8% and 7.2% of the total GFA of the land bank acquired subsequent to the end of the reporting period, respectively.

Currently, there are 69 cities covered by the Group[#]. In addition to focusing on the Tier-1 and Tier-2 cities, we also made appropriate investment in projects located in city clusters within metropolitan circles. The project size was also controlled at an appropriate level, which laid a well foundation for improving the turnover cycle of the Group's properties available for sale.

[#] As of February 28, 2022

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	1,194,705	1.6%	449,974	0.9%
	Shenyang	3,178,414	4.3%	1,925,791	3.8%
	Qingdao	3,584,563	4.9%	2,377,579	4.7%
	Yantai	7,680,145	10.4%	7,680,144	15.2%
	Ji'nan	2,651,867	3.6%	2,097,750	4.2%
	Dalian	341,857	0.5%	212,348	0.4%
	Tianjin	1,391,932	1.9%	1,114,955	2.2%
	Baoding	520,668	0.7%	364,467	0.7%
	Shijiazhuang	637,705	0.9%	478,518	0.9%
	Weihai	164,451	0.2%	115,116	0.2%
	Taiyuan	334,767	0.5%	334,767	0.7%
	Changchun	1,674,849	2.3%	1,296,932	2.6%
	Tangshan	329,905	0.4%	181,938	0.4%
	Jinzhong	183,544	0.2%	183,544	0.4%
	Subtotal	23,869,372	32.4%	18,813,823	37.3%
Central China	Changsha	2,153,251	2.9%	1,277,943	2.5%
	Wuhan	4,528,597	6.2%	2,272,973	4.5%
	Nanchang	433,260	0.6%	322,546	0.6%
	Zhengzhou	647,468	0.9%	343,903	0.7%
	Changde	21,774	0.0%	21,774	0.0%
	Ganzhou	226,214	0.3%	138,070	0.3%
	Ezhou	1,775,325	2.4%	621,363	1.2%
	Subtotal	9,785,889	13.3%	4,998,572	9.8%

Region	City	Total GFA <i>Sqm</i>	% of Total	Attributable	
				GFA <i>Sqm</i>	% of Total
Western China	Chongqing	5,818,579	7.9%	3,838,833	7.6%
	Chengdu	3,201,096	4.4%	2,255,005	4.5%
	Xi'an	2,005,473	2.7%	1,559,305	3.1%
	Guiyang	2,516,046	3.4%	1,509,349	3.0%
	Kunming	1,650,539	2.2%	1,048,561	2.1%
	Xianyang	1,545,998	2.1%	889,790	1.8%
	Lanzhou	1,098,410	1.5%	825,551	1.6%
	Yuxi	640,937	0.9%	640,936	1.2%
	Subtotal	18,477,078	25.1%	12,567,330	24.9%
Yangtze River Delta	Shanghai	790,995	1.1%	445,046	0.9%
	Wuxi	801,023	1.1%	545,894	1.1%
	Changzhou	574,453	0.8%	347,744	0.7%
	Hangzhou	1,811,136	2.5%	1,194,600	2.4%
	Nantong	300,325	0.4%	160,744	0.3%
	Wenzhou	917,755	1.2%	561,058	1.1%
	Ningbo	1,213,506	1.7%	842,241	1.7%
	Suzhou	1,430,758	1.9%	900,917	1.8%
	Nanjing	1,425,933	1.9%	1,146,223	2.3%
	Hefei	1,912,413	2.7%	1,656,127	3.4%
	Jiaxing	219,464	0.3%	109,732	0.2%
	Yangzhou	112,606	0.2%	112,606	0.2%
	Taizhou	533,939	0.7%	249,359	0.5%
	Yancheng	232,810	0.3%	129,236	0.3%
	Jinhua	247,146	0.3%	74,144	0.1%
	Huzhou	180,345	0.2%	91,976	0.2%
	Xuzhou	54,225	0.1%	27,654	0.1%
Shaoxing	520,923	0.7%	260,461	0.5%	
	Subtotal	13,279,755	18.1%	8,855,762	17.8%

Region	City	Total GFA <i>Sqm</i>	% of Total	Attributable GFA <i>Sqm</i>	% of Total
Southern China	Xiamen	560,534	0.8%	234,426	0.5%
	Quanzhou	344,902	0.5%	235,356	0.5%
	Guangzhou	596,536	0.8%	421,217	0.8%
	Shenzhen	73,724	0.1%	73,724	0.1%
	Fuzhou	1,044,270	1.4%	717,487	1.4%
	Foshan	329,333	0.4%	259,522	0.5%
	Zhuhai	440,526	0.6%	110,131	0.2%
	Dongguan	579,831	0.8%	416,116	0.8%
	Nanning	572,635	0.8%	324,286	0.6%
	Zhongshan	146,038	0.2%	58,415	0.1%
	Maoming	98,043	0.1%	98,043	0.2%
	Huizhou	780,787	1.1%	608,204	1.2%
	Haikou	774,531	1.1%	774,531	1.5%
	Jiangmen	285,648	0.4%	142,824	0.3%
	Zhaoqing	237,517	0.3%	166,262	0.3%
	Qingyuan	250,331	0.3%	126,634	0.3%
	Putian	580,608	0.8%	202,667	0.4%
	Sanya	67,195	0.1%	67,195	0.1%
	Zhanjiang	295,447	0.4%	150,678	0.3%
	Ningde	69,858	0.1%	48,901	0.1%
	Subtotal	8,128,294	11.1%	5,236,619	10.2%
	Total	73,540,388	100.0%	50,472,106	100.0%

Table 6: Land acquisition in 2021

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm	
Pan Bohai Rim	Dadong District Wanghua Plot	Shenyang	70.0%	186,454	130,518	
	No. 3 Sunjiazhuang Plot	Tangshan	50.0%	99,611	49,805	
	Houtaolin Plot	Qingdao	51.0%	57,855	29,506	
	Style Town Plot	Tianjin	70.0%	373,184	261,229	
	Shenfu New District Development & Investment Project	Shenyang	51.0%	176,908	90,223	
	Liangzigu Industrial Park Plot	Ji'nan	95.0%	161,912	153,817	
	Xuanxing Fourth Road Project	Shenyang	35.0%	283,285	99,150	
	Guigu Avenue North Plot	Changchun	35.0%	109,602	38,361	
	Maoxiang Street Plot	Changchun	40.0%	97,543	39,017	
	Shui Du Project	Changchun	60.0%	219,629	131,778	
	Simenshou Road Small Plot	Qingdao	70.0%	25,796	18,057	
	No. 154 Binhe Road East Project	Changchun	51.0%	138,741	70,758	
	Yarun Road West Plot	Tianjin	100.0%	169,251	169,251	
	Xuejiatan South Plot	Qingdao	50.0%	64,250	32,125	
	D Project in West Tower, Heping District	Shenyang	70.0%	36,443	25,509	
	Hunnan Plot	Shenyang	60.0%	57,519	34,512	
	Dajin Longgu Street Project	Dalian	100.0%	23,639	23,639	
	Consulate Road East Project	Shenyang	49.0%	297,650	145,849	
	Project in Qiliqu, Shahe Town	Beijing	51.0%	60,062	30,631	
	Plot in Sidaoqiao, Mentougou	Beijing	30.0%	86,920	26,076	
	Refinery Project in Tourism Road	Ji'nan	50.0%	100,196	50,098	
	West Railway Station Project	Ji'nan	100.0%	313,158	313,158	
	Sunjiatan Phase II Project	Qingdao	35.0%	195,228	68,330	
	Guanzhuang Plot 03	Beijing	49.0%	77,121	37,789	
	Subtotal				3,411,957	2,069,186

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Western China	Xue Tang Mansion	Chengdu	70.0%	23,685	16,580
	Yi He Palace	Chengdu	70.0%	68,743	48,120
	Lu Chen	Chongqing	50.0%	625,833	312,917
	Guanshanhu District Party School Plot	Guiyang	51.0%	534,348	272,517
	Fangshu Qingchuan	Chengdu	70.0%	156,166	109,316
	Huancheng	Chongqing	50.0%	992,158	496,080
	Dadukou Paradise Walk Plot	Chongqing	100.0%	117,355	117,355
	Sirius	Chongqing	51.0%	357,029	182,085
	North Island	Chongqing	51.0%	103,126	52,594
	Meilin Meiyuan	Chongqing	100.0%	148,287	148,287
	Southwest Sea Project B	Kunming	60.0%	77,347	46,408
	Southwest Sea Project R	Kunming	60.0%	111,494	66,896
	Project in Ci'ai Street, Xigu District	Lanzhou	70.0%	211,507	148,055
	The Light Year Plot – Residential portion	Lanzhou	70.0%	481,355	336,949
	The Light Year Plot – Commercial portion	Lanzhou	100.0%	75,405	75,405
	No. 23 Dong'an Street Plot	Chengdu	75.0%	411,921	308,941
	Tongjian Road Plot	Xi'an	80.0%	55,787	44,630
	Chengdu Institute of Public Administration Project	Chengdu	66.0%	569,154	375,641
	No. 20 Wan'an Street Plot	Chengdu	70.0%	66,900	46,830
	Shenyang Road Project	Chengdu	80.0%	58,807	47,045
	No. 19 Wan'an Street Plot	Chengdu	70.0%	91,676	64,173
	No.3 Gaoxin CID Plot	Xi'an	70.0%	56,938	39,856
	No.4 Gaoxin CID Plot	Xi'an	70.0%	45,765	32,035
	No.5 Gaoxin CID Plot	Xi'an	70.0%	246,179	172,325
	Xinxing South Road Project	Xi'an	80.0%	359,021	287,217
	Liuyan Road Plot	Xi'an	51.0%	108,876	55,527
	Fengcheng 1st Road Plot	Xi'an	40.0%	45,672	18,269
	Xiping Street G2119 Project	Lanzhou	100.0%	113,476	113,476
	Jinniu District No. 072 Project	Chengdu	50.0%	135,503	67,752
	East Street Project	Chengdu	70.0%	153,152	107,206
	Diaoyutai Road Project	Xi'an	70.0%	190,033	133,023
	Subtotal				6,792,698

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Yangtze River Delta	Jiangpu Street Block – Residential portion	Nanjing	75.0%	240,246	180,185
	Jiangpu Street Block – Commercial portion	Nanjing	100.0%	181,911	181,911
	Xicheng Canal Plot	Wuxi	70.0%	48,847	34,193
	Zhongxing Road Plot	Suzhou	25.0%	160,220	40,055
	Nanhai Future City Plot	Yancheng	100.0%	166,298	166,298
	Shuofang Middle School East Plot B, Shuofang Middle School South Plot	Wuxi	51.0%	122,541	62,496
	Fengshou Lake Plot –Residential and long-term rental apartments portion	Hangzhou	70.0%	231,739	162,217
	Fengshou Lake Plot –Commercial portion	Hangzhou	100.0%	323,659	323,658
	Yinquan West Road Plot	Nanjing	100.0%	89,236	89,235
	Beilun Riverside New Town Plot	Ningbo	50.0%	608,979	304,490
	No. 31 Sudi Plot	Suzhou	49.9%	541,565	270,241
	Xiwang Road Plot	Nantong	50.1%	69,954	35,047
	Dongxin Unit Project	Hangzhou	32.0%	57,005	18,242
	Biyun Road North Project	Suzhou	28.0%	98,519	27,585
	Xinwu District A4-1 Plot	Wuxi	90.0%	175,485	157,936
	Wuxing District Project	Huzhou	51.0%	180,345	91,976
	Puyue Heshan West Project	Changzhou	49.0%	205,816	100,850
	Yaoxi North Plot	Wenzhou	100.0%	157,651	157,651
	Central Road Plot	Taizhou	51.0%	90,000	45,900
	Kaichuang Road Project	Yancheng	33.0%	154,589	51,014
	Xinqiao Middle School Southeast Plot	Changzhou	51.0%	248,455	126,712
	Yangcheng Lake Xiangtai Road Plot	Suzhou	51.0%	167,482	85,416
	Meiling Factory Plot	Hefei	100.0%	176,424	176,424
	Pukou Science City Project	Nanjing	100.0%	39,845	39,845
	Tulip Project	Nanjing	70.0%	26,368	18,457
	Qilihe Project	Nanjing	100.0%	51,908	51,908
	Beiyuan Street Project	Jinhua	30.0%	247,146	74,144
	Yaohai District North Second Ring Road Project	Hefei	100.0%	192,465	192,465
	Shuangshui Road Yongning River Project	Taizhou	30.6%	213,963	65,473
	Jiangqiao North Community Plot	Shanghai	50.1%	75,986	38,069
	Lingang A05-4 Plot	Shanghai	30.0%	136,274	40,882
	Nanjing Binjiang G78 Plot	Nanjing	45.0%	127,324	57,296
	Woniu A-3 Plot	Xuzhou	51.0%	54,224	27,654
	Bihua Road Project	Nantong	35.0%	101,608	35,563
Tiexin Bridge G76 Project	Nanjing	49.0%	93,048	45,594	
Yunchuang Future Community Project	Wenzhou	33.0%	397,308	131,112	
Subtotal				6,254,433	3,708,194

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm	
Central China	Chunjiang Tian Yue	Zhengzhou	65.0%	137,200	89,180	
	Sino-French Terminus Project	Wuhan	70.0%	223,029	156,120	
	Bamboo Grove	Changsha	51.0%	405,052	206,576	
	Jin Xing North Plot	Changsha	51.0%	199,899	101,949	
	Qihu Mansion	Zhengzhou	51.0%	80,712	41,163	
	Glorious Mansion	Zhengzhou	60.0%	117,055	70,233	
	Honglianhu Road Project	Ezhou	35.0%	1,775,324	621,364	
	Gannan Road South Plot	Ganzhou	51.0%	28,532	14,551	
	Rongjiang Road East Plot	Ganzhou	51.0%	78,207	39,886	
	Binjiang Road South Plot	Ganzhou	70.0%	69,997	48,998	
	Xuhui Road North Plot	Ganzhou	70.0%	49,479	34,635	
	Xinrong Bus Terminal Project	Wuhan	50.0%	716,990	358,495	
	Qingyuan Street Liang'an Plot	Changsha	50.0%	121,704	60,852	
	Qingyunpu Shiyao Station Project	Nanchang	50.0%	99,749	49,874	
	Baishazhou Road Plot	Wuhan	40.0%	128,937	51,575	
	Binhe Road Project	Changsha	51.0%	220,550	112,481	
	West Second Ring Road Gufeng Project	Changsha	30.6%	321,412	98,352	
		Subtotal			4,773,828	2,156,284
Southern China	Xintang Street Plot	Quanzhou	51.0%	71,233	36,329	
	Haihe South Road Plot	Zhanjiang	51.0%	142,203	72,523	
	Yangxia Street Plot	Fuzhou	70.0%	98,545	68,981	
	Jinshan Lake Project	Huizhou	78.0%	221,306	172,618	
	Helin Plot	Fuzhou	100.0%	45,795	45,795	
	Qinghui Road Plot	Qingyuan	51.0%	135,359	69,034	
	Yuwan Project	Zhuhai	25.0%	440,525	110,131	
	Sanduo P01 Plot	Ningde	70.0%	69,858	48,902	
	Xingxian Road Plot	Quanzhou	70.0%	248,808	174,166	
	Renmin Road South Plot	Zhanjiang	51.0%	41,489	21,159	
	Jinshan Lake Island Project	Huizhou	50.0%	55,622	27,811	
	Shenchuan Road Central No. 46 Plot	Zhanjiang	51.0%	111,755	56,995	
	Jucheng Road Project	Zhongshan	40.0%	146,038	58,415	
	Jinshan Lake Island Outside Project	Huizhou	50.0%	75,291	37,645	
	Shouxi District Plot	Putian	25.0%	416,159	103,998	
		Subtotal			2,319,986	1,104,502
	Total			23,552,902	13,381,676	

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

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

Region	Project	City	Attributable Interest %	Expected GFA Sqm	Attributable GFA Sqm
Yangtze River Delta	Yonglong Mansion North Plot	Hefei	32.0%	177,434	56,779
	Hangteng Future Community Plot	Hangzhou	51.0%	591,334	301,580
	Subtotal			768,768	358,359
Southern China	Quan'an North Road Project	Nanjing	51.0%	66,932	34,135
	Subtotal			66,932	34,135
Central China	Furong Tianjie Plot	Changsha	100.0%	101,320	101,320
	Subtotal			101,320	101,320
	Total			937,020	493,814

[#] As of February 28, 2022

FINANCIAL POSITION

As at December 31, 2021, the Group's consolidated borrowings amounted to RMB192.07 billion. Cash in hand was RMB88.53 billion*. The net debt to equity ratio (net debt divided by total equity) was 46.7%. Liabilities to asset ratio (ex. Pre-sale Deposits) ** was 67.4%. The credit rating of the Group was BBB by Standard & Poor, Baa2 by Moody's, BBB by Fitch, and AAA by CCXR***, Shanghai Brilliance, with stable outlook.

* Of them, the regulated pre-sale funds amounted to RMB31.81 billion

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

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

Approximately 71.5% of the Group's total borrowings were denominated in RMB, while 28.5% 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 RMB76.35 billion of the Group's consolidated borrowings were with fixed interest rates ranging from 3.3% per annum to 5.0% per annum, depending on the terms of the loans, and the other loans were quoted at floating rates. As of December 31, 2021, the proportion of fixed interest debt was 40% (December 31, 2020: 46%) of the total debt.

The Group's average cost of borrowing was 4.14% per annum. The average maturity period of loan was 6.38 years. The proportion of unsecured debt was 75% of the total debt. The debt due within one year was RMB14.50 billion, accounting for 7.6% of the total debt. Excluding regulated pre-sale funds and restricted capital, cash to short-term debt ratio was 3.88X.

In 2021, the Group successfully issued corporate bonds of RMB9.0 billion and medium-term notes of RMB1.0 billion in the domestic capital market, at a coupon rate ranging from 3.35% to 4.40% per annum with terms ranging from five to fifteen years;

Subsequent to the reporting period, in January 2022, the Group successfully issued corporate bonds of RMB2.8 billion in the domestic capital market, at a coupon rate ranging from 3.49% to 3.95% per annum with terms ranging from six to eight years.

EMPLOYEES AND COMPENSATION POLICY

As at December 31, 2021, the Group had 44,065 full-time employees. Of these employees, 11,762 worked in the property development business, 2,194 in the property investment business, and 30,109 in the property management and other business. Average age of our employees is 32.9 years old.

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of the employees consisted of base salary, cash bonus and share-based rewards. The gross amount of cash bonus is determined from, amongst other things, the ranking of the Group's budget fulfilment ratio and loyalties of customers, which is then assessed and allocated by individual subsidiaries according to the results of a balanced scorecard and profitability.

REVIEW AND OUTLOOK

Though global economic growth slows down due to the recurring pandemic in 2021, China witnessed sustained broader economic recovery and remained a global leader in economic development and pandemic prevention. Under the long-term mechanism, “Housing is for living , not for speculation” still dominated the real estate sector. The government announced comprehensive regulations on the demand, supply and funding to drive the industry’s stable and healthy development. As a result, industry figures saw a record high. The full-year sales of property nationwide reported RMB18.2 trillion, an 4.8% increase over that of the same period last year.

Adhering to the “Space as a Service” strategy, the Group is firmly committed to the synergistic development of its six core businesses, i.e. real estate development, commercial investment, rental housing, space service, housing agency service, and housing decoration. We discern and take the opportunities brought by technological innovation, and embrace changes while solidifying our main businesses by focusing on customers. We constantly upgrade operation system and improve our overall professional capacity to improve organizational efficiency.

In 2021, as consumption was on track to normalization, despite COVID-19 resurgence in a number of cities nationwide, our commercial properties develop both light assets and heavy assets model with excellent operation and management capabilities and opened 11 new asset-heavy Paradise Walks and one new asset-light project in 2021 as scheduled. Malls in operation have recovered steadily by improvement and innovation in space design, brand sourcing, marketing and promotion. Hence, same-store sales and customer traffic increased by over 20% year-on-year, and rental income increased by 40% to RMB 8.15 billion.

The rental housing industry has been developing steadily, and rental brands that are safe, standardized and highly professional have seen more opportunities. In 2021, thanks to favorable policies and improving operational management, Goyoo, Longfor’s rental housing brand, garnered revenue of RMB2.23 billion and made profit for the first year. The occupancy rate reached 92.9% at the end of the period.

In 2021, our front-line staff remained in their positions to serve during COVID-19 resurgences and the devastating Henan flood. Their dedication further enhanced the trust and stickiness of proprietors and tenants with Longfor. Their recognition of our service quality is an important driving force for our progress.

In 2021, the Group had 263 major projects on sale, among which 54 were brand-new projects, and 171 launched a bunch of new products, covering various demands for first home buyers, upgraders and commercial operators, etc. The Group implements the differentiation strategy, and accurately plans its products and business configuration according to the needs of different customers in different regions, to seize opportunities in the volatile market.

The Group (including joint ventures and associates) completed properties with a total GFA of about 24 million square meters in 2021, and plans to complete properties with a total GFA of approximately 25 million square meters in 2022, most of which will be completed in the second half of the year. The project's construction and sales are in pace.

In terms of investment property, 12 shopping malls opened in 2021, including Beijing Lize Paradise Walk, Wuhan Imperial Paradise Walk, Hangzhou Jiangdong Paradise Walk, and etc. Numbers of Paradise Walk will be opened in cities like Beijing, Shanghai, Chongqing and so on in 2022. As one of the core business, Goyoo, the rental housing business, was opened and operated in tier-1 and tier-2 cities such as Beijing, Shanghai, Shenzhen, Hangzhou, Chengdu, Nanjing, and Chongqing in 2021, and will be steadily promoted with the growth of market demand in the future. The investment and development of the above two businesses laid a solid foundation for the Group's future investment property rental growth.

Faced with increasingly fierce competition in the industry, the Group will always stick to its original aspiration, and adhere to a sound financial management strategy. The Group will maintain our advantages of low-cost and multi-channel financing, maintain a reasonable and safe debt level, and strive for stable and sustainable development. In the perspective of project investment, the Group will continue to balance our cash flow and profit, control the cost of land acquisition and improve the efficiency of capital use through external cooperation and secondary market acquisition.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of RMB1.23 per share for the year ended December 31, 2021 to shareholders whose names appear on the register of members of the Company on Tuesday, July 12, 2022. The proposed final dividend shall be paid on Monday, July 25, 2022 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 Wednesday, June 15, 2022 to Thursday, June 16, 2022.

ANNUAL GENERAL MEETING

The AGM is to be held on Thursday, June 16, 2022 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 Monday, June 13, 2022 to Thursday, June 16, 2022, 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 Thursday, June 16, 2022, 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 54th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, June 10, 2022.

The register of members of the Company will be closed from Monday, July 11, 2022 to Tuesday, July 12, 2022 (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 54th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Friday, July 8, 2022.

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, 2021.

CORPORATE GOVERNANCE

The Company and the board of directors of the Company are committed to establishing good corporate governance practices and procedures. The Company recognizes the importance of maintaining high standards of corporate governance to the long-term stable development of the Group.

After the establishment of a nomination committee on December 29, 2021, the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") for the year ended December 31, 2021.

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, 2021.

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 31,701,443 shares at total consideration of approximately HKD1,500,087,692 pursuant to the terms of the trust deed under the Restricted Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries 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) and the Company (www.longfor.com). The annual report of the Company for the year ended December 31, 2021 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
Wu Yajun
Chairperson

Hong Kong, March 25, 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.