

L.gem 綠景(中國)地產投資有限公司
LVGEM (CHINA) REAL ESTATE INVESTMENT COMPANY LIMITED

Stock code: 00095.HK

2020 Interim Results Presentation

21 August 2020

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Outperform Gross Profit Margin

- **GPM 65%**
- Recognised sales GPM
- Mangrove Bay No.1: 76%
- Amazing Plaza: 58%

Stable Rental Income

- **Stable occupancy rate**
- Shenzhen NEO: 83%
- Zoll: 94%
- **Rental income:**
RMB320 mn, up 5.0% YoY

Finest Landbank

- Approx. 14.5 mn m², >80% located in the core areas of core cities in the Greater Bay Area
- Saleable resources: approx. RMB16 bn (2H2020 to 2022)

Proactive Refinancing

- US\$450 mn refinancing in Feb/Mar
- US\$100 mn convertible bond
- Redemption of US\$50 mn private bond
- Commercial paper

Sufficient Cash Balance

Approx. RMB10.7 bn as at 30 June 2020
(approx. RMB8.3 bn as at 31 December 2019)

*Note: landbank held by the controlling shareholder to be injected into 95.HK included.

1. Financial Review

1H2020 Results Overview

(RMB mn)	Six months ended 30 June			YoY Change
	2018 (Unaudited)	2019 (Unaudited)	2020 (Unaudited)	
Revenue	767	3,422	2,462	-28%
Cost of sales	(327)	(1,014)	(859)	-15%
Gross profit	441	2,408	1,603	-33%
Gross profit margin	57%	70%	65%	-5p.p.
Profit from core business*	79	569	262	-54%
Profit attributable to shareholders	192	992	38	-96%
Basic earnings per share (RMB cents)	3.94	20.00	0.74	-96%
Diluted earnings per share (RMB cents)	2.37	11.79	0.33	-97%

- Revenue dropped mainly due to:
 - LVGEM's unique business model that focuses on the urban renewal projects, which still has periodic uneven project sales and delivery rhythm..
 - High base in 1H2019: >80% of the revenue in 1H2019 was contributed by Mangrove Bay No. 1.
- Core Profit declined due to:
 - Financial expenses increased by approx. 40% YoY, mainly due to the interest expenses brought by the completion of Hong Kong NEO in 2H2019.
- Profit attributable to shareholders decreased:
 - In addition to the above reasons, fair value of investment properties has dropped by approx. RMB 170 mn, which was approx. RMB 650 mn different from 1H2019 (fair value increased by RMB 480 mn in 1H2019). This is mainly due to the market has been affected by Covina-19, resulting in temporary impairment on the booked value.

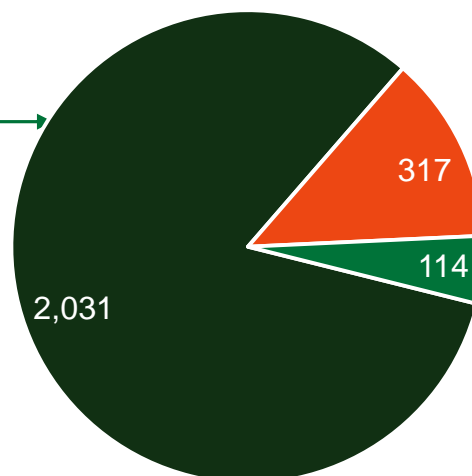
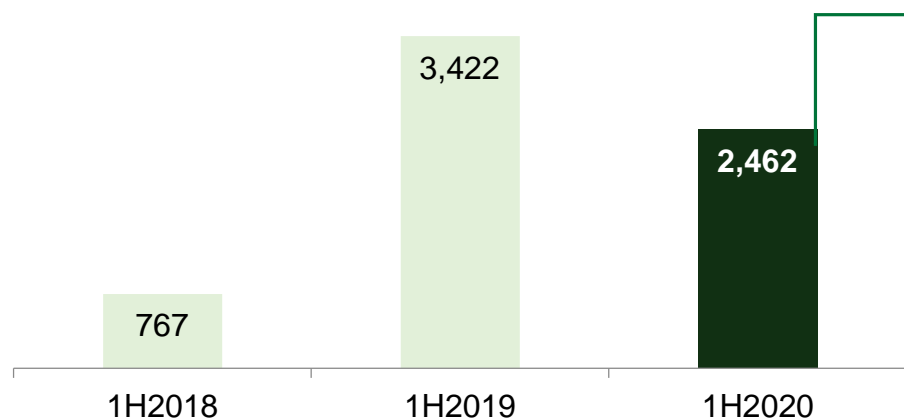
Note: *Profit from core business = Profit attributable to shareholders - (change in fair value of investment properties + related deferred tax + exchange gain or loss + change in fair value of derivative component of convertible bonds + non cash and non operational transactions).

Revenue Analysis

Six months ended 30 June	2018		2019		2020		YoY Change
	RMB mn	% Of revenue	RMB mn	% Of revenue	RMB mn	% Of revenue	
Sales of properties	309.7	40.4%	2,988.3	87.3%	2,030.7	82.5%	-32.0%
Commercial property investment and operations	273.4	35.6%	302.3	8.8%	317.4	12.9%	+5.0%
Comprehensive services	184.2	24.0%	131.5	3.9%	114.2	4.6%	-13.2%
Total	767.3		3,422.1		2,462.2		-28.0%

Revenue

(RMB mn)

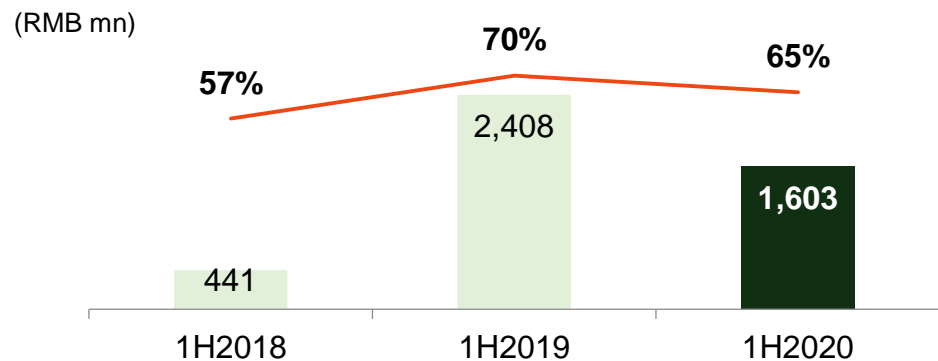


- Sales of properties
- Commercial property investment and operations
- Comprehensive services

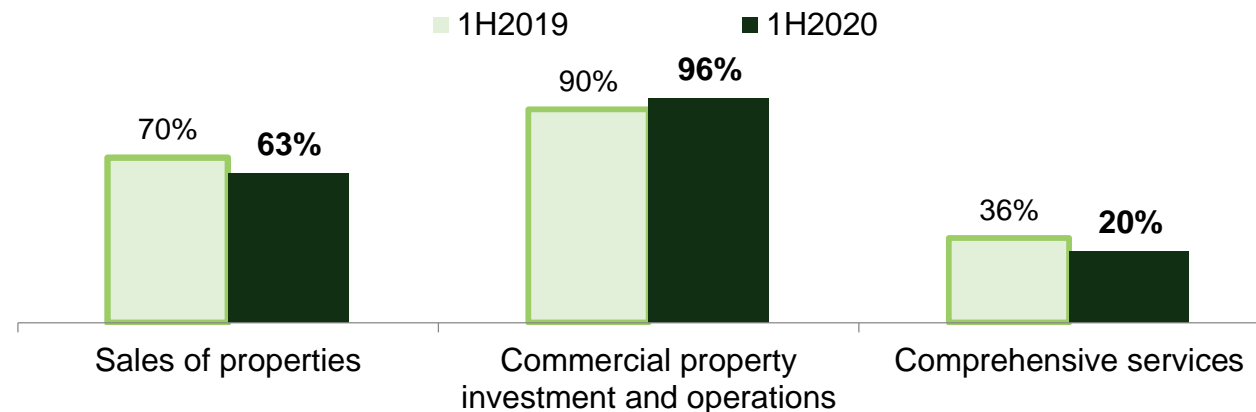
Main recognised sales in 1H2020	
Mangrove Bay No. 1	RMB600 mn
Amazing Plaza	RMB1.26 bn
International Garden	RMB90.11 mn
Suzhou NEO	RMB55.56 mn

High Profitability

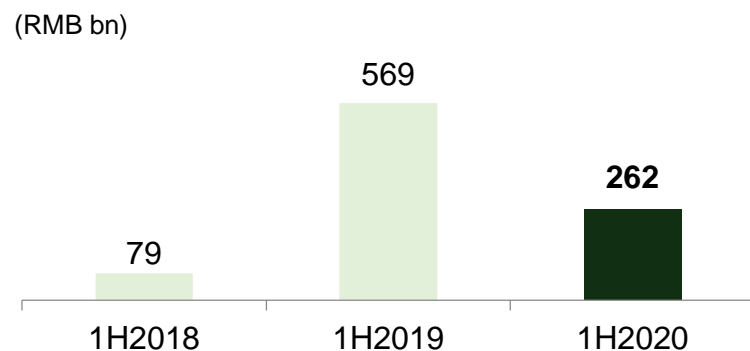
Gross profit and gross profit margin



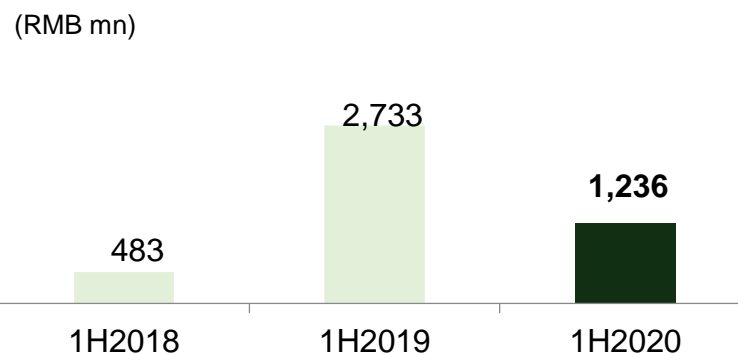
Gross profit margin by segment



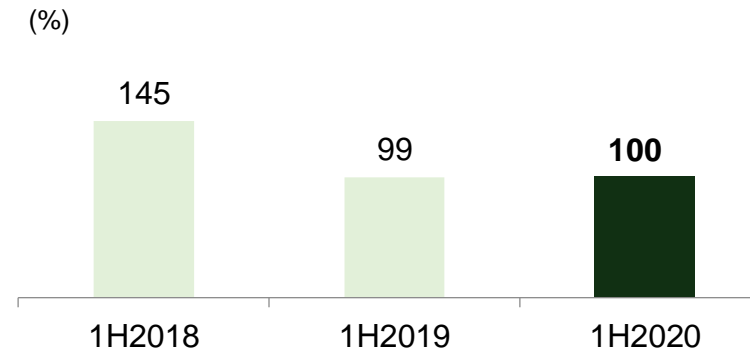
Core profit*



EBITDA



Cash collection rate



Note: *Core profit = Profit attributable to shareholders - (change in fair value of investment properties + related deferred tax + exchange gain or loss + change in fair value of derivative component of convertible bonds).

Healthy Balance Sheet

(RMB mn)	30 June 2019	31 December 2019	30 June 2020	Change
Cash balance	9,096	8,347	10,687	+28.0%
- Cash and cash equivalents	5,835	5,543	7,882	+42.2%
- Restricted deposits	3,258	2,804	2,804	+0.0%
Total interest-bearing liabilities	23,993	25,976	29,399	+13.2%
Total equity	12,286	13,035	12,674	-2.8%
- Non-controlling interests	107	107	71	-33.3%
Total assets	46,955	48,736	51,301	+5.3%
Financing cost¹	6.2%	6.3%	6.9%	+0.6p.p.
Asset liability ratio	73.8%	73.3%	75.4%	+2.1p.p.
Net debt ratio²	121.3%	135.3%	147.7%	+12.4p.p.
Cash to short-term debt ratio	130.6%	77.1%	97.8%	+20.7p.p.

- Sufficient cash balance, up approx. 28% from 31 Dec 2019.
- Stable and healthy finance cost level maintained within 7%.
- Net debt ratio remained at a relatively high level mainly due to:
 - A syndicated loan amounted approx. HKD6.9bn for the acquisition of Hong Kong NEO, was included in the interest-bearing liabilities.
 - Balance sheet only included the historical cost of urban renewal projects, but not their potential increased value.

Note:

1. Financing cost = total finance costs for the period / average total borrowings (including convertible bonds but excluding finance cost derived from lease liabilities)

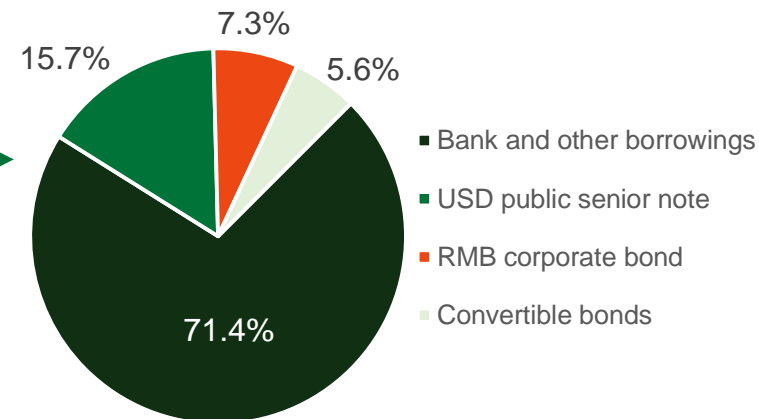
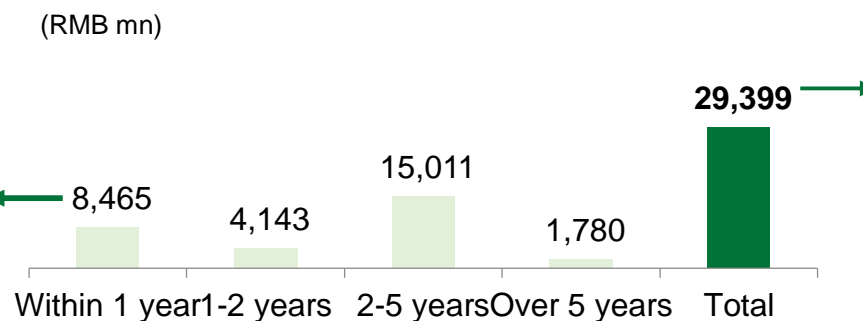
2. Net debt ratio = (interest-bearing liabilities – cash balance) / total equity

Debt structure analysis

Proactive managed short-term refinancing needs

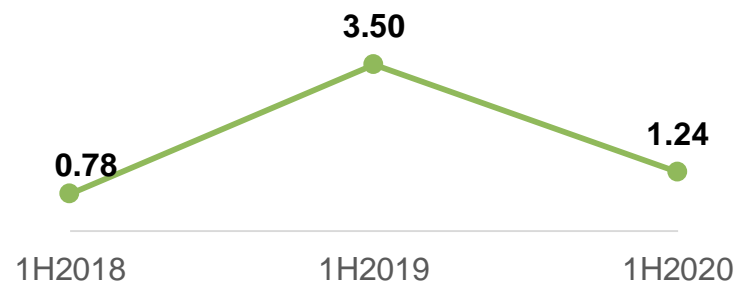
- Debts to be mature within 1 year:
 - ① USD170 mn public bond not exchanged
 - ② USD140 mn CB
 - ③ RMB2.1 bn corporate bond
 ② 和 ③ has been discussed and expected to extend in 2H2020
- Refinancing completed in 1H2020:
 - ① USD170 mn public bond not exchanged
 - ② USD100 mn CB extension

Debt by maturity



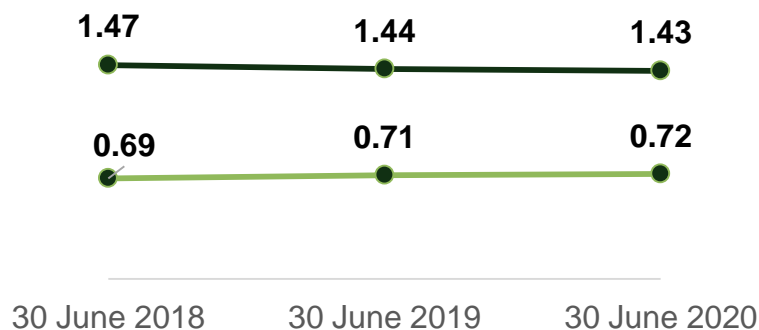
Interest coverage

(x) EBITDA / Interest expense



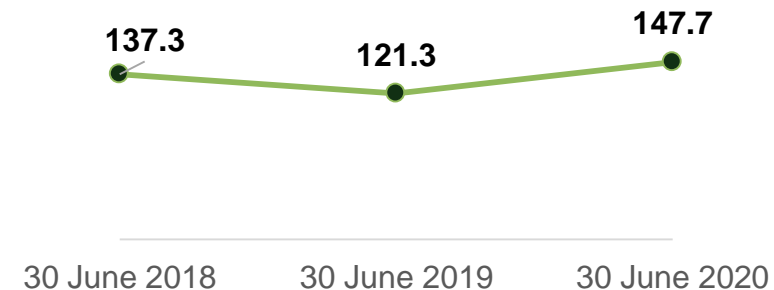
Current ratio and quick ratio

(x) Current ratio Quick ratio



Net debt ratio

(%) Net debt ratio



2. Business Review

Focus on the Core Areas of Core Cities in the Greater Bay Area: Contracted Sales and Saleable Resources Analysis

Recognised sales

Recognised sales: RMB2,031 mn in 1H2020

Recognised sales area: 46,000 sqm in 1H2020

GPM remained above market level

Contracted sales

Contracted sales: RMB2,463 mn in 1H2020

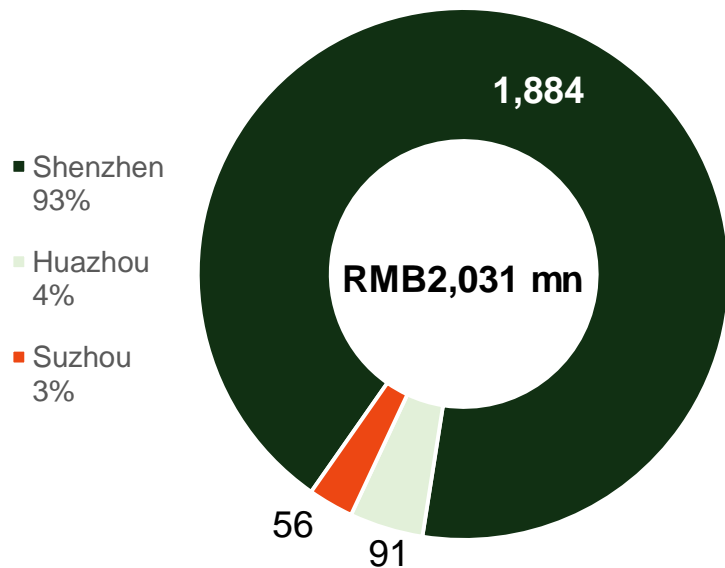
Contracted sales area: 114,000 sqm in 1H2020

Sale through rate and cash collection rate:
remained at a high level

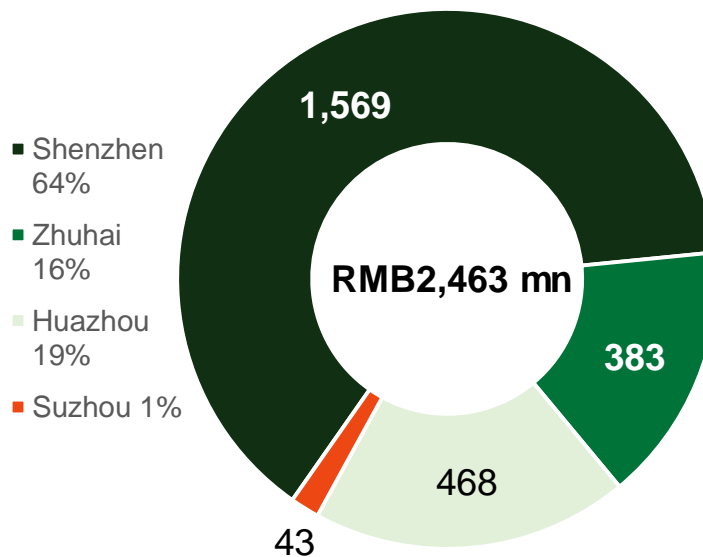
Saleable resources 2H2020 to 1H2022*

Shenzhen	Mangrove Bay No. 1	Approx. RMB16 bn
	Amazing Plaza	
Liguang Project		
Huazhou	International Garden	
Zhuhai	Joyful Plaza	
	Dongqiao	
Suzhou	LVGEM Business Plaza	
	LVGEM Mansion 1898	

Recognised sales by city



Contracted sales by city



Note*: Saleable resources will be adjusted in real time with cash flow level and market conditions.



Focus on the Core Areas of Core Cities in the Greater Bay Area: Valuable Saleable Resources (Shenzhen)

Shenzhen

LVGEM Mangrove Bay No. 1



Location: Central business district of Futian District, Shenzhen. Located in the southeastern corner of the junction of Shazui Road and Jindi First Road.

LVGEM Mangrove Bay No.1 Phase I

- 3 luxury residential buildings, and 1 building with Grade A offices, a hotel and apartments
- Site area: 24,424 sqm
- GFA: 305,450 sqm

LVGEM Mangrove Bay No.1 Phase II

- Site area: 17,589 sqm
- GFA: 139,331 sqm



LVGEM Amazing Plaza



- Location: No.4088, Qiaoxiang Road, Nanshan District, Shenzhen. Located in developed district with full public transportation facilities, and easy access to Metro Line 1 and Line 2.
- Site area: 10,862 sqm
- GFA: 97,214 sqm
- To be redeveloped into a creative industrial centre.



Focus on the Core Areas of Core Cities in the Greater Bay Area: Valuable Saleable Resources (Shenzhen Con't)

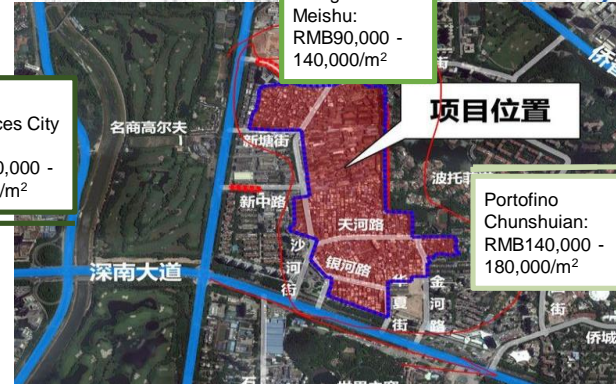
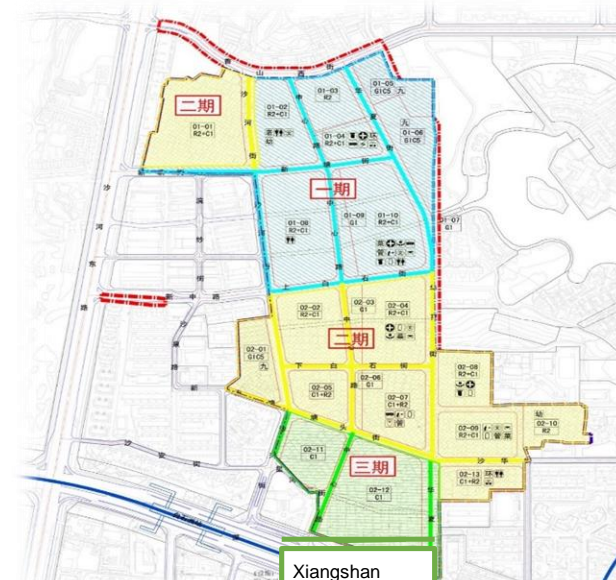
Shenzhen

LVGEM Liguang Project



- Location: Liguang Estate, Longhua District, Shenzhen. Situated in a developed residential area near Guanlanhu Liguang Golf Club and enjoys a good natural environment
- Site area: 85,333 sqm
- GFA: 382,139 sqm
- To be developed to a high-end complex comprising residential, commercial properties and industrial facilities.

LVGEM Baishizhou Project



- Location: Shennan Avenue, Nanshan District, Shenzhen.
- Capacity building area: 3.58 mn sqm
- To develop into 3 phases, around 8-10 years, with a rolling development mode.
- Funding: sufficient credit line from a join-stock bank, saleable resources and cash balance.

Focus on the Core Areas of Core Cities in the Greater Bay Area: Valuable Saleable Resources (Zhuhai)

Zhuhai

LVGEM Joyful Town



- Location: Shangchong area, Xiangzhou District, adjacent to Mingzhu Station of the Guangzhou-Zhuhai Light Rail and Mingzhu North Road on the east side, Shangchong Coach Station on the south side and Palm Holiday on the north side.
- Site area: 62,457 sqm
- GFA: 445,492 sqm
- First pre-sale: Late October, 2019
- A large-scale business complex covering office, residential and office buildings, etc.

LVGEM Dongqiao Project



- In January 2020, the groundbreaking of Zhuhai Dongqiao Smart City Renewal Project was held
- It covers an area of 208,000 sqm, with a total GFA of 744,000 sqm and a saleable area of about 298,000 sqm.
- To be developed into two phases, presales of the first-phase is expected to commence in 2H2021.
- Location: Nanwan area, which sits on the main axle and hence the major development area of the city and will be developed into a new central area in the near future.
- Designed as the top cultural and artistic zone, a complex including high-end residential properties, star-rated hotels and artistic shopping arcades.

Focus on the Core Areas of Core Cities in the Greater Bay Area: Valuable Saleable Resources (Huazhou, Suzhou)

Huazhou

LVGEM International Garden



- Location: a well-developed residential area with rich natural resources and public transportation facilities. Adjacent to the Juzhou Park, only a 10-minute-ride to the city centre.
- Site area: 729,420 sqm
- Developed GFA: 760,492 sqm
- Building area under development: 412,430 sqm
- Building area to be developed: 1,075,376 sqm

Suzhou

LVGEM Business Plaza



- Location: Core area of Yuexi Development Zone, Wuzhong District, Suzhou. Close to Xijiang Road Station, a branch line of Metro Line 4 opened in 2017.
- Site area: 14,592 sqm
- GFA: 81,841 sqm
- Positioning: a high-rise project integrating commercial, office and SOHO apartments. In the sub-center of Yuexi City, with commercial, financial, cultural, entertainment, administrative office, residential and others functions.

LVGEM Mansion 1898



- Location: west of Xihuan Road, north of Jiuchang Road, Gusu District, Suzhou
- Site area: 10,044 sqm
- GFA: 22,296 sqm
- Presale: 2H2020
- Positioning: High-quality residential project

Focus on the Core Areas of Core Cities in the Greater Bay Area

Gradual Release of Quality Saleable Resources

As at 30 June 2020, total landbank approx. 14.5 mn sqm¹, > 80% of which was in the Greater Bay Area; saleable resources² >RMB400 bn

	Project	Location	Equity	Presale	Completion	Total GFA (m ²)	Remaining saleable area (m ²)
Project under construction	LVGEM International Garden	Huazhou, Maoming	100%	2017-2019	2019-2022	412,430	284,247
	LVGEM Joyful Town	Xiangzhou, Zhuhai	100%	2019	2021	445,492	322,928
	LVGEM Mansion 1898	Gusu, Suzhou	100%	2020	2020	22,296	17,547
	Sub-total					880,218	624,722
Projects to be developed	LVGEM International Garden (Subsequent phase)	Huazhou, Maoming	100%	NA	NA	1,075,376	NA
	Phases I & II of Zhuhai Dongqiao Project	Xiangzhou, Zhuhai	95%	2021/22	2022/23	743,767	289,128
	Hong Kong Lau Fau Shan Project	Hong Kong	95%	2021	2021	23,880	22,686
	Baishizhou Project	Nanshan, Shenzhen	25%	2022	NA	895,000	450,000
	Liguang Project	Longhua, Shenzhen	100%	2022	2023	382,139	225,125
	Mangrove Bay No. 1 Phase II	Futian, Shenzhen	100%	2021	2022	139,331	7,177
Sub-total					3,259,493	853,157	
Projects to be injected ³	Baishizhou Project	Nanshan, Shenzhen	75%	NA	NA	2,685,000	1,350,000
	Zhangyang Project	Zhangmutou, Dongguan	NA	NA	NA	5,500,000	NA
	Nanxi Project	Xiangzhou, Zhuhai	NA	NA	NA	1,300,000	NA
	Others	NA	NA	NA	NA	900,000	NA
Sub-total					10,385,000		
Total					14,524,711		

- Note 1. Included the landbank held by the controlling shareholder to be injected into the listed company.
- Note 2. Saleable resource was calculated based on the estimated average selling price by residential area. For the projects with undefined saleable area, it was calculated based on 50% of the total GFA (Actual average selling price is subject to the current approved reserve price).
- Note 3. Projects to be injected: in 2017, the controlling shareholder provided a letter of intent to inject the urban renewal projects into the listed company according to the development pace. Some are awaiting for detailed area plan confirmed by the government.

“Residential + Commercial” Two-pronged Business Model: Resilient Operations in the Challenging Environment

- Macro economy has been massively impacted by the pandemic, resulting in the drop of demands and output, which affected investments, consumption and exports have been profoundly.
- No specific annual economic growth target was set on the government work report for the very first time.

Shopping Malls

16.5% Total retail sales of consumer goods in Shenzhen From January to May 2020

Commodity retailing

15.1%

Catering

27.1%

In 1H2020, rentals in the commercial districts of Shenzhen fell HoH. China's economy is still recovering in the coming future, real economy is facing more challenges, and the shop rental is under downward pressure.

Grade A Office Buildings

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- 4 New Grade A office buildings in Shenzhen, with nearly 300,000 sqm opened for rent in 1H2020.
- 1 mn sqm to be for rent in 2H2020.
- Over 5 mn sqm to be ready in next 5 years

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Average rental

Beijing, Shanghai, Guangzhou, Shenzhen Grade A office buildings

Vacancy rate

Shenzhen Grade A office buildings

Biggest decrease -13.6%

Highest vacancy rate 25.4% | +9 percentages

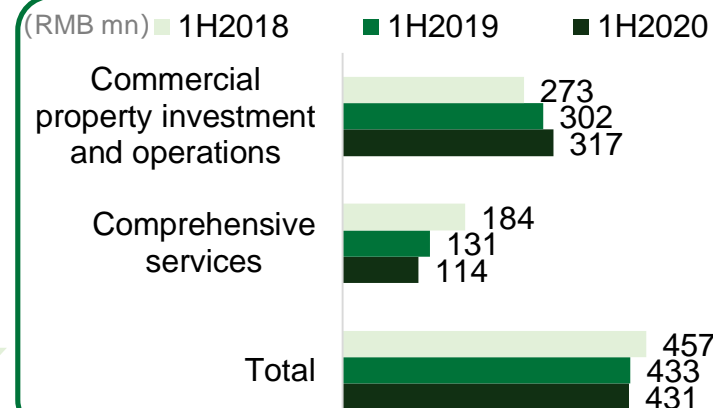
- Provided rent-cut or rent-free for tenants to go through difficulties together
- Tailor made rent-cut or rent-free policies and applied into 3 phases for tenants.
- RMB16 mn rental cut, 2% of the annual total operating income, which stabilized most tenants efficiently.
- All tenants, except cinemas, back to normal operations by the end of June.

Zoll

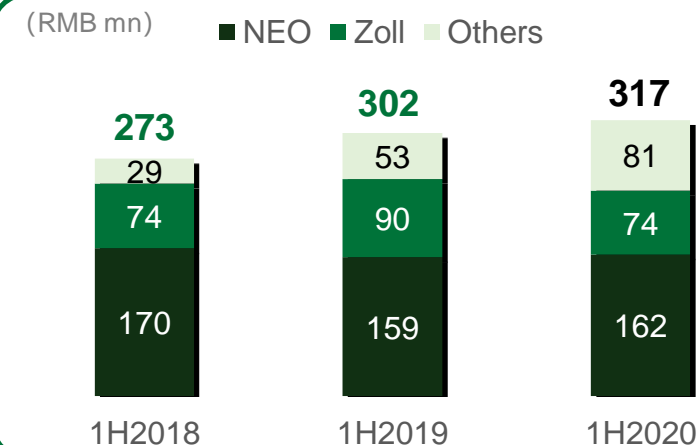
- Leasing renewal rate: 88%, up 21p.p. from 67% YoY.
- Newly leasing area: 9,565 sqm, up 58% YoY
- Shenzhen NEO service upgrade: renovated podium buildings usage, to introduce high-quality merchants, improve service facilities and image of the project

NEO

Recurring Income Analysis



Commercial Property Investment and Operations Analysis



“Residential + Commercial” Two-pronged Business Model: Stable cash inflow from recurring income

Project name	City	Type	Year of completion	GFA (sqm)	Occupancy rate		Rental income (RMB mn)	
					1H2019	1H2020	1H2019	1H2020
Zoll 佐隄								
LVGEM Zoll Chanson Shopping center	Shenzhen	Shopping mall and parking spaces	2013	37,215	100%	97%	22	16
LVGEM 1866 Zoll center	Shenzhen	Shopping mall and parking spaces	2014	54,361	100%	99%	27	22
LVGEM Zoll Hongwan Shopping center	Shenzhen	Shopping mall and parking spaces	2015	52,878	100%	97%	27	22
LVGEM Zoll Mangrove Bay No.1 Shopping center	Shenzhen	Shopping mall and parking spaces	2018	20,773	NA	NA	-	-
LVGEM Zoll International Garden Shopping center (Zone A)	Huazhou	Shopping mall and ground-floor commercial space	2015	22,878	93%	93%	5	7
LVGEM Zoll International Garden Shopping center (Zone B)	Huazhou	Shopping mall and ground-floor commercial space	2018	37,638	100%	100%	-	-
LVGEM Zoll International Garden Shopping center (Zone E)	Huazhou	Ground-floor commercial space	2020	7,369	NA	74%	-	-
LVGEM Zoll Jinhua Shopping Mall	Suzhou	Shopping mall	2004	15,504	100%	97%	6	4
LVGEM Zoll Yuexi Shopping Mall	Suzhou	Shopping mall	2018	12,216	88%	80%	3	3
DongguanLVGEMZoll Shopping center	Dongguan	Shopping mall	2019	58,928	NA	NA	-	-
NEO								
Tower A of Shenzhen NEO Urban Commercial Complex	Shenzhen	Office building, commercial units and parking spaces	2011	108,360	87%	81%	142	117
Towers B&C of Shenzhen NEO Urban Commercial Complex	Shenzhen	Commercial units and parking spaces	2011	26,097	100%	100%	17	17
Hong Kong LVGEM NEO	Hong Kong	Office building, commercial units and parking spaces	2019	55,390	NA	-50%	-	28
Other projects		Industrial parks, stores and apartments		168,678	NA	NA	53	81
Total				678,285			302	317

- As at 30 June 2020, LVGEM held 28 investment properties, with a total 679,285 sqm.
- Rental income in 1H2020 was RMB317 mn under harsh economic environment.
- Stable occupancy rate: Zoll 94%, Shenzhen NEO: 83%, and Hong Kong NEO: ~ 50%.
- 2H2020 grand opening: Zoll International Garden Shopping center (Zone B4) and Dongguan Zoll.

3. Development Strategy

Continuing Quality Growth

By implementing short term, mid-term and long term development plans, to be “the most respected urban value creator”

Focus on urban renewal to enhance project value and urban upgrade, utilising technologies, to be a leading smart city developer and operator in the Greater Bay Area

Short term	2020-2022: Achieve stable growth with existing projects
stable	<p>and projects to be developed.</p> <ul style="list-style-type: none"> ➤ Shenzhen: Mangrove Bay No. 1, Amazing Plaza and Liguang Project ➤ Zhuhai: Joyful Town and Dongqiao Project ➤ Huazhou: International Garden ➤ Hong Kong: Lau Fau Shan Project
Mid-term	2023-2030: Baishizhou Project into sales by phases
Surge	sales to be commenced and recognised, which will enhance net asset substantially.
Long term	2031 and onwards: Develop urban renewal model in depth
Solid	



Focus on urban renewal in the Greater Bay Area
Develop a brand new smart city

Continually Deepen and Upgrade Urban Renewal Model

As more urban renewal projects injected to the listed company, commercial projects to be upgraded, with smart technologies to enhance service value and urbanisation.



Urban renewal projects to be injected

Shenzhen	Major equity interest in Baishizhou Project
Zhuhai	Nanxi Project
Dongguan	Zhangyang Project

1

“Two-Pronged” model to be enhanced

To upgrade commercial projects to take up half of total revenue

With the injection of assets by the controlling shareholder and the launch of large-scale urban renewal projects, more commercial area will be operated in core areas of core cities, which is expected to reach 2 mn sqm in 8-10 years, and the rental income will amount to billions of yuan, bringing more recurring cash flow and operating income.

2

New growth driver: smart city utilising smart technologies, working with Huawei and China Unicom to build benchmark smart city projects in Baishizhou and Dongqiao

HUAWEI

+

L.gem 綠景
构筑喜悦

China unicom 中国联通

+

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构筑喜悦

On 23 July 2018 and 16 March 2020, LVGEM signed strategic cooperation agreements with Huawei and China Unicom, respectively, to start a new era under which the real estate and technology sectors jointly build a brand new smart city life.



3

New growth driver: to explore new models for developing and operating large-scale urban renewal project with smart technologies and industry upgrade to strengthen our core competitiveness

Injection and Kick-off of Baishizhou Project: Substantial impact on LVGEM's scale and profitability

Project Progress

Following work proceeding as planned:

Signing of individual compensation agreements

Demolition work

Official authorisation of project development

Land premium to be paid by each land parcel

Construction work

Capital Injection

To acquire the majority of remaining equity interest of Baishizhou Project in 2H2020

LV GEM (China) holds a prox. 25% equity interest of Baishizhou Project on 28 Oct 2019.

On October 28, 2019, a wholly-owned subsidiary of LVGEM (China) entered into a subscription agreement with the controlling shareholder of the group to subscribe for shares of the target company at a consideration of US\$10,000.

Injection Features

Win-win-win situation: project stake holders, controlling shareholder and listed company

Limited impact on cash flow of LVGEM

No dilution of existing shares



4. Appendix

Contractor

First Decade

(1984-1993)

Rise of dream

- Initiated as a contractor.
- Started to accumulate resources and experience.
- Gained positive reputation and leading position in Shenzhen, laying a solid foundation to evolve into being a property developer.

Characteristic Real Estate Developer

Second Decade

(1994-2003)

Era of developing

- Footprint extended to the field of property development and became a pioneer in urban renewal by gaining a prominent position in the property industry in Shenzhen.
- Green View was founded in 1995. Mr. Wong Hong King obtained control of the company in 1997.
- It started to work on its **first property development project**, LVGEM Garden Estate, in 1998.

Third Decade

(2004-2013)

Deep cultivation

- Started its scalable, diversified and branded development, with business march into area of property development and commercial operation.
- Through urban renewal, completed a **number of high-end real estate projects** that were well-received in Shenzhen, such as LVGEM Garden Estate, Lanwan Peninsula, Zhongcheng Tanyi Garden, etc.
- Developed **NEO Urban Commercial Complex and Zoll Community Shopping Centre**. The business model was successfully replicated across Shenzhen; **LVGEM Hotel** started operations.
- Ranked "**Top 10 Shenzhen Real Estate Development Enterprises in terms of Comprehensive Strengths**" in 2011 for the first time.

Smart City Operator

Fourth Decade

(2014 to current)

Plan for the Future

- Mr. Wong Hong King acquired New Heritage (stock code: 0095) and renamed it LVGEM China in May 2014
- In 2015, the Company completed the reverse acquisition and injected high-quality residential and commercial real estate projects into the listed company, therefore commenced **the co-development of industrial operation and capital operation**
- In 2017, it successfully completed M&A of its first commercial project in Hong Kong: **Hong Kong LVGEM NEO**. In July 2019, Hong Kong LVGEM NEO was put into operation and is currently in the process of leasing.
- In 2019, the Company was strategically upgraded to a new level: Smart City Operator.
- In **October 2019, approx. 25% equity interests of Baishizhou Project was injected into the Listed Company.**

- "Top 10 Shenzhen Real Estate Development Enterprises in terms of Comprehensive Strengths" for eight consecutive years from 2011 to 2018
- Director of the Urban Renewal Professional Committee of Shenzhen Real Estate Association
- A constituent of Shenzhen-Hong Kong Stock Connect and the MSCI China Small Index
- Growth Award of Greater China H-share Companies in 2019
- Credit rating: B / stable (Fitch), BB- / stable (Lianhe)
- Research coverage (share): A total of 9 domestic and foreign institutions gave a "buy" rating



Shareholding Structure

Number of issued shares (30 June 2020): 5,064,529,975					
Shareholder	No. of outstanding shares	% of the entire issued share capital	No. of convertible preference share	No. of convertible bonds	No. of options
Mr. Wong Hong King and his subsidiaries and related parties	3,575,613,094	70.60%	3,148,010,572	NA	NA
Vanke	300,000,000	5.92%	NA	NA	NA
Toplist Investments (Ping An)	300,000,000	5.92%	NA	NA	NA
CCB International	17,826,087	0.36%	130,000,000	271,328,671	NA
ABC International	NA	NA	132,564,669	NA	NA
PAG	NA	NA	NA	261,666,666	NA
Huatai Financial	NA	NA	NA	130,053,015	NA
Directors and employees	NA	NA	NA	NA	253,514,000
Other public shareholders	871,090,794	17.17%	18,000,000	NA	NA
Total	5,064,529,975	100.00%	3,428,575,241	663,048,352	253,514,000

Major Business Segments

1

Property Development and Sales

Urban Boutique Residence

LVGEM Hongwan Garden



LVGEM Mangrove Bay No. 1



2

Commercial Property Investment and Operation

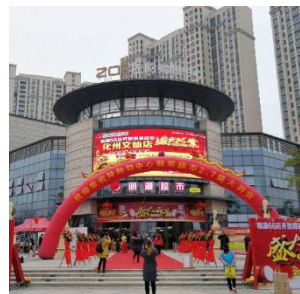
Urban Complex

NEO Grade-A Office



Community Lifestyle and Shopping Centre

Zoll Centre



3

Comprehensive and Intelligent Services

Property Management Service

LVGEM Property Management



Hotel Operation

LVGEM Hotel



Top 10 Shenzhen Real Estate Development Enterprises

- Core projects mainly located in the core areas of Shenzhen, the centre of the Greater Bay Area, mainly focus on urban boutique residences
- The Company boasts a **prime-quality land reserve with a gross floor area of approximately 4.14 mn sqm**, and the controlling shareholder intends to **gradually inject urban renewal projects with a gross floor area of approx. 10 mn sqm into the LVEGEM China.**

Mall China Golden Mall Award NEO and Zoll

- The occupancy rate of NEO Integrated Business Complex in Shenzhen was 83% in 1H2020; The average occupancy rate of Zoll Shopping Centre series was 94%
- Successful operation of commercial properties bring stable cash flow and rental income with an aggregate gross floor area of 678,285 sqm.**
- In 2017, it successfully completed M&A of its first commercial project in Hong Kong: Hong Kong LVGEM NEO Project in Kwun Tong, Kowloon, Hong Kong, which into operation in 2019**

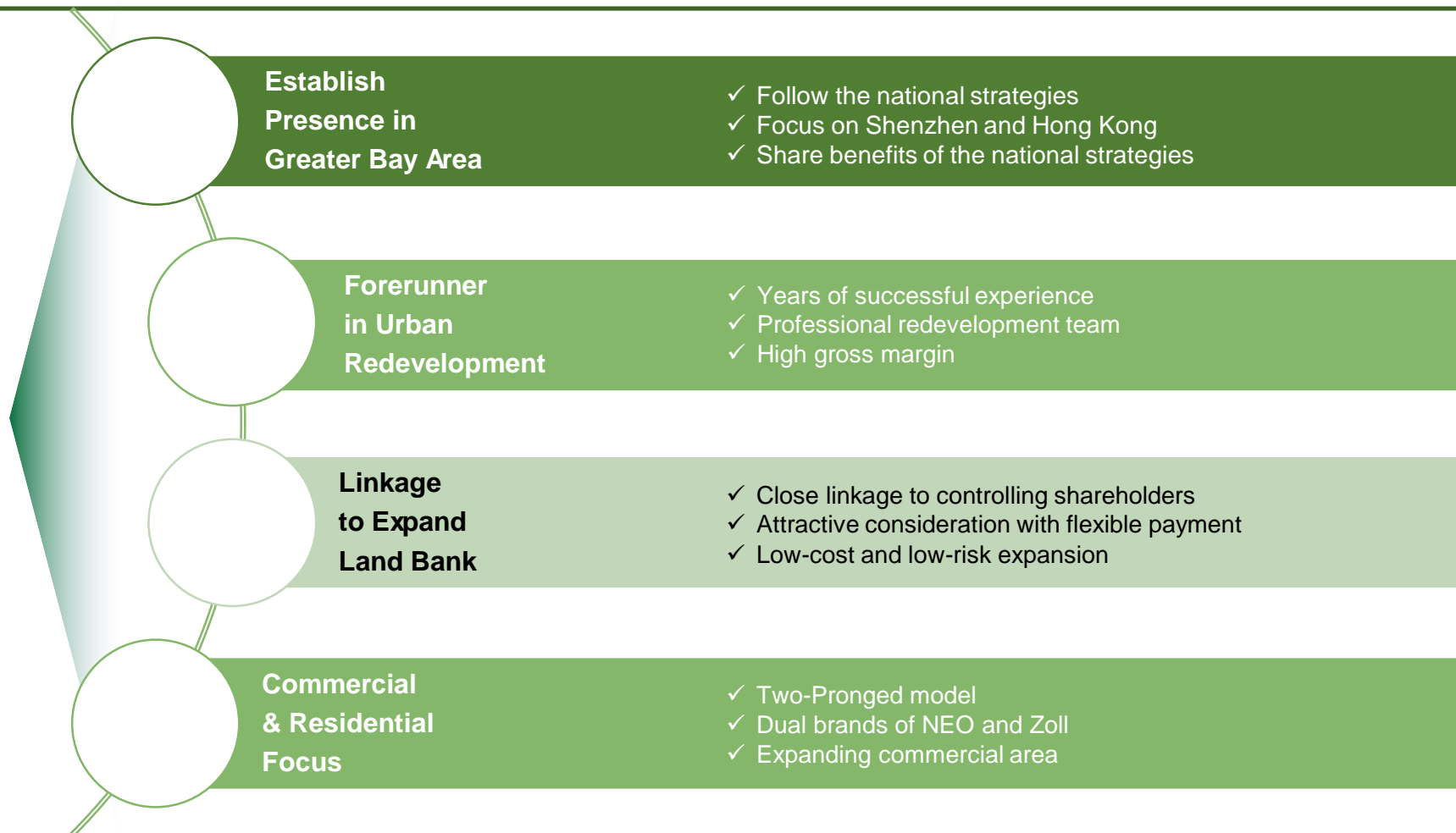
Outstanding Member of Shenzhen Property Management Association

- In terms of **property management**, Shenzhen LVGEM Property Management Co., Ltd. is a member of Shenzhen Property Management Association and has the national level A property management qualification
- In terms of **hotel operation**, **LVGEM Hotel seated on the CBD of Futian District** was awarded the title of "Most Popular Hotel" by Shenzhen Travel Association and was counted among "Top 16 Brand Hotels of Shenzhen 2018".
 - In 2018, in cooperation with **Huawei** to construct the **smart urban community.**
 - In 2020, in cooperation with **China Unicom** in the development of informatison and smart urban community.

- Different from developers focusing on quick turnaround, LVGEM China focuses on **delicate development with efficiency as top priority**
- The company acquires quality land bank in core locations in core cities of the Greater Bay Area, and develops high-quality projects through high-quality design, construction, management and branding, to acquire social benefits while maximizing economic benefits and shareholder return

Unique business model

→ **Delicate development, with efficiency as top priority**



Focus on the Core Areas of Core Cities in the Greater Bay Area: Benefit from the National Strategic Development Plans

18 February 2019

CPC Central Committee and State Council

Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area

The CPC Central Committee and the State Council have designated four major central cities, namely Hong Kong, Macao, Guangzhou and Shenzhen, to be the core development engines in the Region, to establish a smart city cluster, and strengthen the connection and communication amongst.

18 August 2019

CPC Central Committee and State Council

Supporting Shenzhen in building a demonstration pilot zone

Providing RMB500 bn to support the development over the next 5 years

November 2019

People's Bank of China

Lowered the MLF interest rates and reduced one-year LPR to 4.2% and five-year LPR to 4.85%

The Ministry of Finance

Approved RMB1,000 bn for part of 2020's new specific credit lines

Regional policies

The luxury housing tax was canceled in Shenzhen

The people of Hong Kong can enjoy the same treatment as residents in the Greater Bay Area when purchase houses in the region;
The luxury housing tax was abolished in Shenzhen. The transaction of a house with a gross floor area of less than 144 square meters and a plot ratio higher than 1.0 can be exempted from the VAT after being held by the owner for a period of two years.



February 2020

The meeting of the Political Bureau of the CPC Central Committee Plan to invest RMB40 trillion in the "New Infrastructure" to boost national economy

On 8 March, various provinces and municipalities released their lists of investment plans for key projects in 2020, investment amounting to over RMB40,000 bn.

Focus on the development of information technologies such as 5G, Internet of things, artificial intelligence and industrial Internet, and promoted the implementation of information construction with scientific and technological connotation for traditional transportation and cities, making the investment with dual attributes of science and technology and infrastructure.





Advantages of urban renewal

- **Enormous GFA in one single project:** ranging from 100,000 sqm to 4 mn sqm.
- **Prime location:** located in city centres with incomparable geographic advantages.
- **Low land cost and high gross profit margin:** avoid public auction such highly competitive land acquisition approaches. The company's gross profit margins for 2017-2019 were 67.42%, 59.77% and 65.09% respectively; net profit margins were 37.28%, 20.85% and 23.91% respectively.



Core edges of LVGEM

- **Early start:** LVGEM has more than 30 years of successful experience in urban redevelopment, established its pioneer position in the industry.
- **Professional team:** equipped with professional urban redevelopment project teams adopting mature and developed approaches and proven strong operation capability.
- **Advanced model:** LVGEM is committed to a **bottom-up approach** by starting from negotiating with villagers and focusing on first-hand projects.



Pioneer In the Industry

- **High recognition:** The Professional Committee for Urban Renewal of Shenzhen Real Estate Association was established on August 11, 2017. The company was nominated as the **Director of the Professional Committee for Urban Renewal of Shenzhen Real Estate Association**, along with China Resources, Vanke and Kaisa at the position of Deputy Director, to effectively promote urban renewal, maintain the vitality and attractiveness of the renewal area, provide the government with decision-making reference, and jointly promote the healthy and orderly development of urban renewal in Shenzhen.

1 How to expand?

- **Project incubation and primary development completed by Controlling shareholders:** projects to be injected into the listed company in a timely manner when ready.
- About **10 mn sqm** urban renewal area in prime locations held by the controlling shareholders will be injected to the listed company in the foreseeable future.

2 How to pay land cost?

- Independent 3rd party valuation on target project, in accordance with the requirement of the HK Stock Exchange in relation to related transactions.
- Injected at a distinctively low consideration.
- Flexible payment methods, including but not limited to cash of commercial area as payable such deferred payment, which can reduce LVGEM's financial pressure.

3 Advantages

- Limited instant cash outflow for land acquisition, which can lower financial cost and cash outflow.
- Fewer uncertainties as avoiding operational risks in early stage of the urban redevelopment projects.
- High profitability with lower land cost through expanding landbank from controlling shareholders.

Shenzhen NEO Complex



- Location: western region of central Futian District, CBD of Shenzhen. The project is recognised as one of the 10 major landmarks in Shenzhen. The NEO Integrated Business Complex is composed of 3 buildings, i.e. Block A which is a grade-A office building and one of the highest skyscrapers in Shenzhen, as well as Block B and C which offer office and retail space. It is situated at the interchange station of 4 metro lines.
- **Site area:** 19,295 sqm
- **GFA:** 252,539 sqm
- **Total rental area:** 105,870 sqm

“Residential + Commercial” Two-Pronged Model: Hong Kong NEO 綠景(中國)地產 LVGEM (CHINA) REAL ESTATE

In October 2017, LVGEM acquired the project for HKD9 bn and named it “Hong Kong LVGEM NEO”, which since became the headquarters of the Group in Hong Kong.



Located in the core area of CBD2

- Address: 123 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong
- Site area: approx. 48,438 square feet (approx. 4,500 m²)
- Planning GFA: approx. 596,200 square feet (approx. 55,390.18 m²)
- Feature: a 19-storey building with 270-degree sea view of Victoria Harbour
- Grand opening: November 2019
- Occupancy rate: approx. 50%
- Tenants: insurance companies, financial institutions, technology firms and virtual bank, etc.
- The project may generate rental income of approximately HKD300 mn for the Group annually if in full occupancy
- 30 June 2020, the appraisal value of the project was approx. HKD10.6 bn.



- Kowloon East will be Hong Kong’s second core business centre in the near future.
- The Shatin to Central Link is expected to be opened by section from 1Q20, which is making Kowloon East more accessible and convenient.

Benefit from government policies, excellent location and accessible transportation, the project is expected to bring stable rental income and long-term value gains to the Group

At present, a number of large financial institutions and MNCs have been stationed in Kowloon East



“Residential + Commercial” Two-Pronged Model: Zoll

Zoll Chanson Shopping Mall



- **Address:** Junction of Bulong Road and Minzhi Road of Longhua New District, Shenzhen
- **Grand opening:** 1 May 2013
- **Rental area:** 22,800 sqm
- **Average occupancy rate:** 97%
- **Features:** A one-stop shopping centre for the community

(Tenants include well-known brands such as Uniqlo, China Resources Vanguard, Dadi Cinema, Molly Fantasy, Starfish, Starbucks, Burger King and Le Caesar, etc.)

Zoll Hongwan Shopping Mall



- **Address:** Meilin, Futian District, Shenzhen. Adjacent to the Meilin metro station on Line 9
- **Grand opening:** Monday, January 9, 2017
- **Rental area:** 15,000 sqm
- **Average occupancy rate:** 99%
- **Features:** A one-stop shopping centre for the community

(Tenants include MJStyle, China Resources TESCO, Shenying International, Nine World Tour, Starbucks, McDonalds, HelvSushi, and Tan Yu, etc)

1866 Zoll Mall



- **Address:** Junction of Meilong Road and Tianhu Road, Longhua New District, Shenzhen
- **Grand opening:** 1 May 2014
- **Rental area:** 40,000 sqm
- **Average occupancy rate:** 98%
- **Features:** A shopping centre with cultural characteristics and a recreational street

(Tenants include well-known brands such as Decathlon, China Resources Vanguard, Ymm Art, Aix Arome Coffee, Pizza Hut, Helv Sushi, Pasta Wang, etc.)

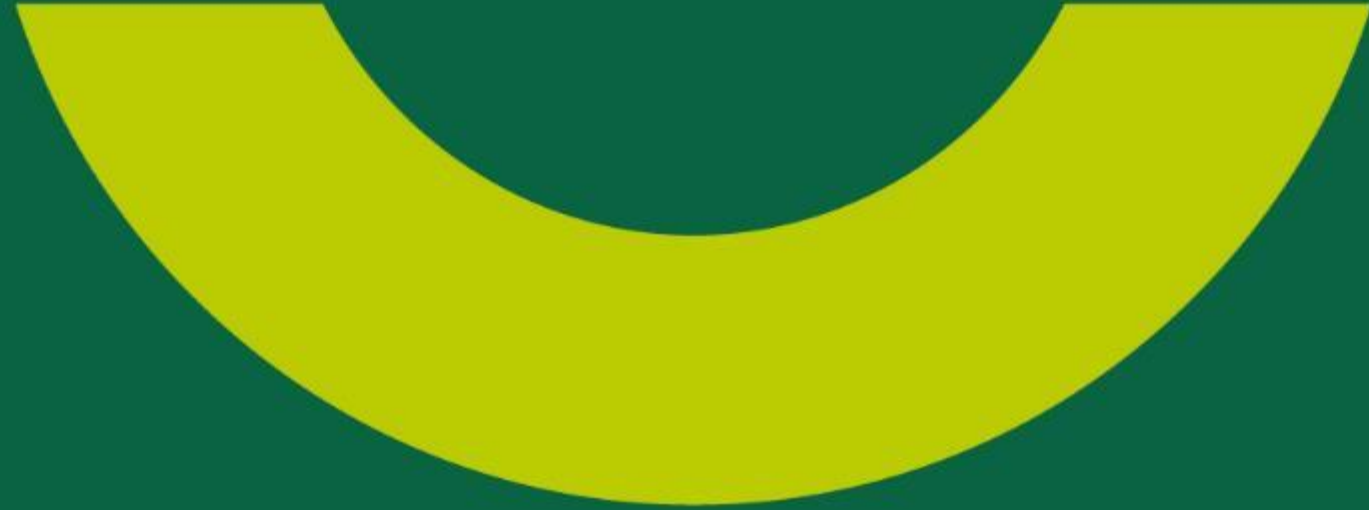
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