

# 2020 Annual Results Presentation

30 March 2021

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introduction

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# LVGEM (China) Introduction



## Contractor

## Characteristic Real Estate Developer

## Smart City Creator

### 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.



### 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 by 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 Tianyi 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.

### 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: **HK LVGEM NEO**. In July 2019, HK 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.**
- **Further 55% equity interests of Baishizhou Project was injected in August 2020, holding the project 80% equity interest in total.**

- "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 (debt): B / stable (Fitch), BB- / stable (Lianhe)
- Research coverage (share): A total of 9 domestic and foreign institutions gave a "buy" rating

# Shareholding Structure

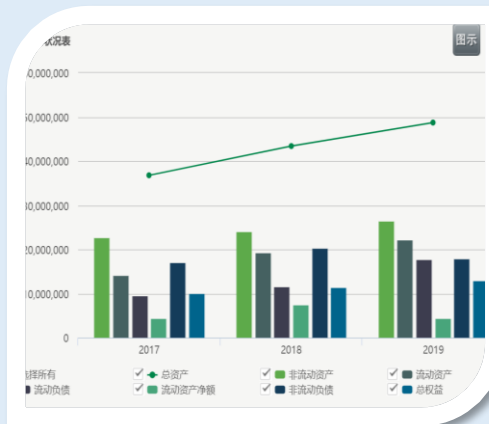
As at 31 December 2020: issued share capital 5,096,903,975 shares					
Shareholder	No. of outstanding shares	% of the entire issued share capital	No. of convertible preference shares	No. of convertible bonds	No. of options
Mr. Wong Hong King and his subsidiaries	3,585,479,094	70.35%	3,160,967,094	NA	NA
Vanke	300,000,000	5.88%	NA	NA	NA
Toplist Investments (Ping An)	300,000,000	5.88%	NA	NA	NA
CCB International	15,600,000	0.31%	93,043,478	216,846,307	NA
ABC International	NA	NA	132,564,669	NA	NA
PAG	NA	NA	NA	269,759,450	NA
Huatai Financial	NA	NA	NA	133,685,286	NA
Directors and employees	NA	NA	NA	NA	245,140,000
Other public shareholders	895,824,881	17.58%	18,000,000	NA	NA
<b>Total</b>	<b>5,096,903,975</b>	<b>100.00%</b>	<b>3,404,575,241</b>	<b>620,291,043</b>	<b>245,140,000</b>



## Dual-core Strategy

Expanding in the core areas of core cities of the Greater Bay Area

- ✓ Follow the national strategies
- ✓ Focus on Shenzhen and Hong Kong
- ✓ Share benefits of the national strategies



## Focus on Urban Renewal

- ✓ Years of successful experience
- ✓ Professional redevelopment team
- ✓ High profit margin



## “Two-pronged” Strategy

Residence + Business

- ✓ Dual brands of NEO and Zoll
- ✓ Expanding commercial area



## Expansion of Land Reserves

- ✓ Close linkage to controlling shareholders
- ✓ Attractive consideration with flexible payment terms
- ✓ Low-cost and low-risk expansion

# Major Business Segments

## 1 Real Estate Development and Sales

Urban Boutique Residence

LVGEM Hongwan Garden

LVGEM Mangrove Bay No. 1



### Top 10 Shenzhen Real Estate Development Enterprises

- Core projects mainly located in the core areas of **Shenzhen, Pearl River Delta, the core areas of the Greater Bay Area**, mainly focus on urban boutique residences
- Paradigmatic projects include “LVGEM Hongwan Garden” and “LVGEM Mangrove Bay No.1” etc.
- The Company boasts a **prime-quality land reserve with a gross floor area of approximately 6.48 mn sqm**, and the controlling shareholder intends to **gradually inject urban renewal projects with a gross floor area of approx. 7.70 mn sqm into LVEGEM**

## 2 Commercial Property Investment and Operation

Urban Complex

Community Lifestyle and Shopping Centre

NEO Grade-A Office

Zoll Centre



### Mall China Golden Mall Award

- Core Brands include NEO and Zoll**
  - The occupancy rate of **NEO integrated Business Complex in Shenzhen** was 87% in 2020; The Average occupancy rate of Zoll Shopping Mall series was 93%
- Successful operation of commercial properties **bring stable cash flow and rental income** with an aggregate gross floor are of 799,888 sqm.
- In 2017, it successfully completed M&A of its first commercial project in Hong Kong: **HK LVGEM NEO Project in Kwun Tong, Kowloon, Hong Kong**, which into operation in 2019

## 3 Comprehensive and Intelligent Services

Property Management Service

Hotel Operation

LVGEM Property Management

LVGEM Hotel

L.gem 綠景物業



### 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 2019, in cooperation with **China Unicom** in the development of **informatisation** and **smart urban community** under the strategic cooperation agreement

## 1 Operational highlights

- **Development progress beats expectation**
  - Southern part of LVEGM Joyful Town, LVGEM Amazing Plaza construction have been completed earlier than as scheduled.
  - Numerous urban renewal projects reached vital stage.
- **Sales recorded well**
  - LVGEM Amazing Plaza project leads the market of industrial reform and renewal.
  - LVGEM Joyful Town recorded the top sales in the district
- **Stable income flow from investment properties and operation**
  - Occupancy rate remains high level in the industry
  - Rental income rises against the trend

## 2 Major Breakthroughs of Baishizhou Project

- **80% equity interest injected**
- **100% signing rate of the relocation compensation agreement for Phase I**

## 3 High-quality and sufficient land reserves

- **Total GFA of the company's land reserves is approximately 14 million sqm**
- **Approximately 90% of which are located in the core areas in the core cities of the Greater Bay Area**
- **Satisfy the development needs of the group in the coming decade**

## 4 Financial structure improved significantly

- **The liabilities to assets ratio after excluding receipts in advance 61.8%, decreased by 10.0 p.p YoY, met the first "red line"**
- **Net gearing ratio 76.2% · decreased by 59.1 p.p YOY, met the second "red line"**

## 5 New business cooperation

- **Strategic cooperation with Wanda to construct Wanda Plaza in the International Garden Project**
- **Promote a new business model**



Note :

1. The liabilities to assets ratio after excluding receipt in advance = (total assets – receipt in advance) / (total liabilities – receipt in advance)
2. Net gearing ratio = (interest-bearing liabilities-cash balance) / total equity



# Brief Analysis of Annual Results



# Overview of Annual Results

Twelve months ended December 31 (RMB'000)	2020	2019	YoY Change
Revenue	5,424,827	6,902,448	-21.4%
Cost of sales	(2,759,122)	(2,472,093)	+11.6%
Gross profit	2,665,705	4,430,355	-39.8%
Gross profit margin	49.1%	64.2%	-15.1 p.p
Profit for the period	3,451,075	1,749,963	+97.2%
Net profit margin	63.6%	25.4%	+38.2 p.p
Profit attributable to the shareholders	3,453,380	1,749,884	+97.3%
Basic earnings per share (RMB cents)	68.03	35.12	+93.7%
Diluted earnings per share (RMB cents)	38.47	20.76	+85.6%

# Revenue and Gross Profit Analysis by Segment

Revenue Analysis by Segment					
Twelve months ended December 31	2020		2019		YoY Change (%)
	RMB'000	% of revenue (%)	RMB'000	% of revenue (%)	
Real estate development and sales	4,512,643	83.2%	5,962,446	86.4%	-24.3
Commercial property investment and operations	620,167	11.4%	618,674	9.0%	+0.2
Comprehensive services	292,017	5.4%	321,328	4.6%	-9.1
<b>Total</b>	<b>5,424,827</b>	<b>100%</b>	<b>6,902,448</b>	<b>100.0%</b>	<b>-21.4</b>

Gross Profit Analysis by Segment					
Twelve months ended December 31	2020		2019		YoY Change (%)
	RMB'000	Gross profit margin (%)	RMB'000	Gross profit margin (%)	
Real estate development and sales	2,025,264	44.9%	3,784,827	63.5%	-46.5
Commercial property investment and operations	565,977	91.3%	550,378	89.0%	+2.8
Comprehensive services	74,464	25.5%	95,150	29.6%	-21.7
<b>Total</b>	<b>2,665,705</b>	<b>49.1%</b>	<b>4,430,355</b>	<b>64.2%</b>	<b>-39.8</b>

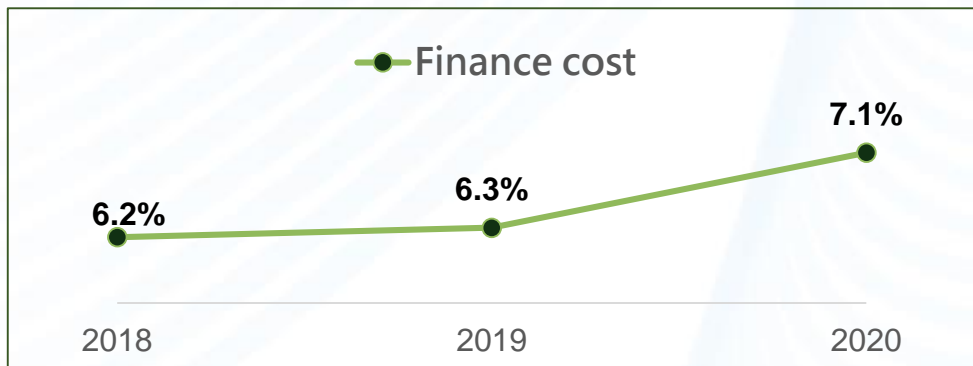
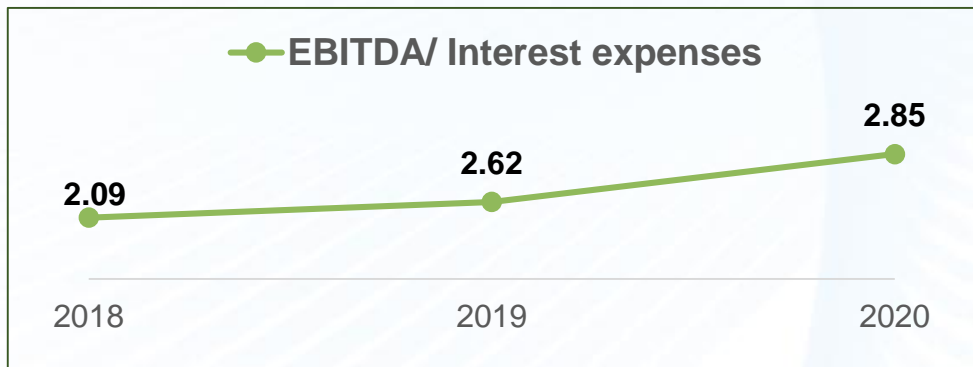
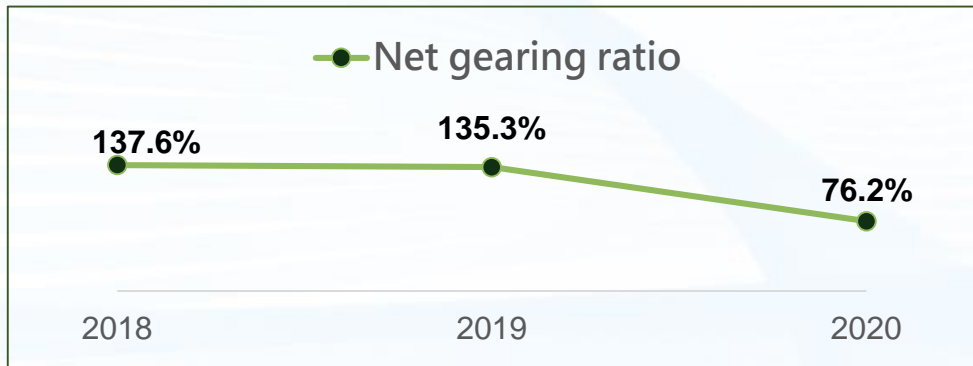
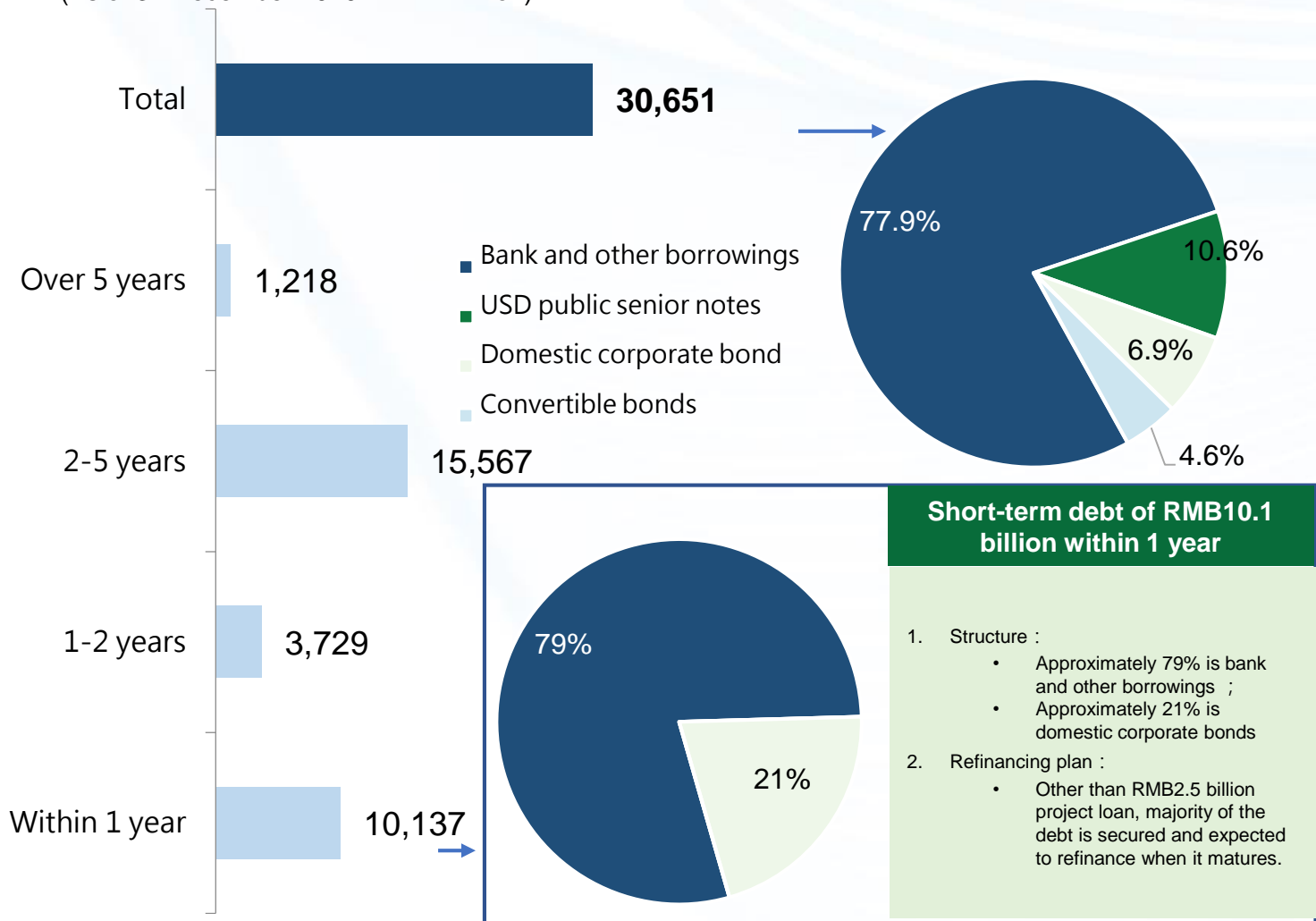
# Healthy Balance Sheet

(RMB million)	31 December 2020	31 December 2019	YoY Change
<b>Cash balance</b>	<b>9,410</b>	<b>8,347</b>	<b>+12.7%</b>
- Cash and cash equivalents	<b>5,430</b>	<b>5,543</b>	<b>-2.0%</b>
- Restricted deposits	<b>3,980</b>	<b>2,804</b>	<b>+41.9%</b>
<b>Total interest-bearing liabilities</b>	<b>30,651</b>	<b>25,976</b>	<b>+18.0%</b>
<b>Total equity</b>	<b>27,886</b>	<b>13,035</b>	<b>+113.9%</b>
- Equity attributable to owners of the Company	<b>24,724</b>	<b>12,928</b>	<b>+91.2%</b>
<b>Total assets</b>	<b>74,267</b>	<b>48,736</b>	<b>+52.4%</b>
Net gearing ratio	<b>76%</b>	<b>135%</b>	<b>-59 p.p</b>
<b>Debt analysis</b>			
Secured	<b>22,915</b>	<b>18,777</b>	<b>+22.1%</b>
Unsecured	<b>7,736</b>	<b>7,199</b>	<b>+7.2%</b>

# Improving Solvency

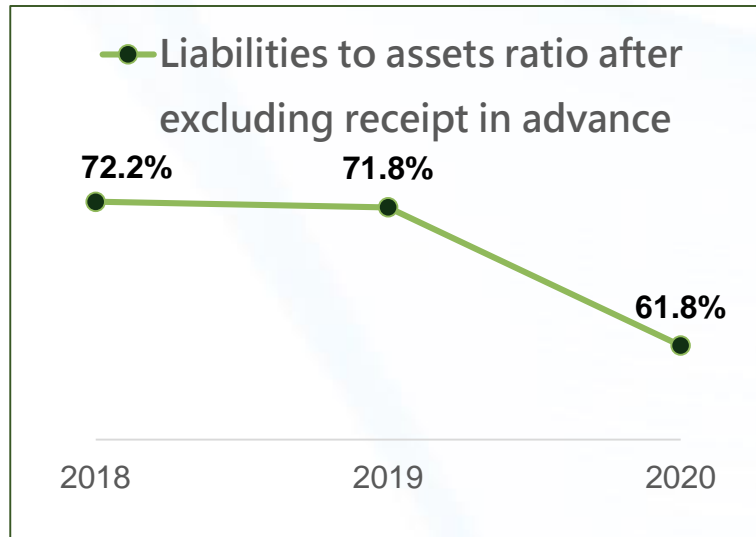
## Debt structure analysis

(As of 31 December 2020 · RMB million)



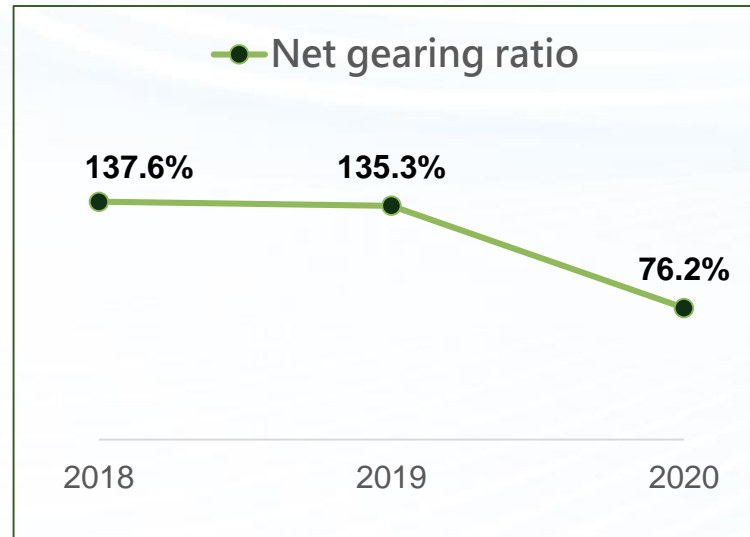
# “Three Red Lines” Work Plan

The liabilities to assets ratio after excluding receipt in advance  $\leq 70\%$



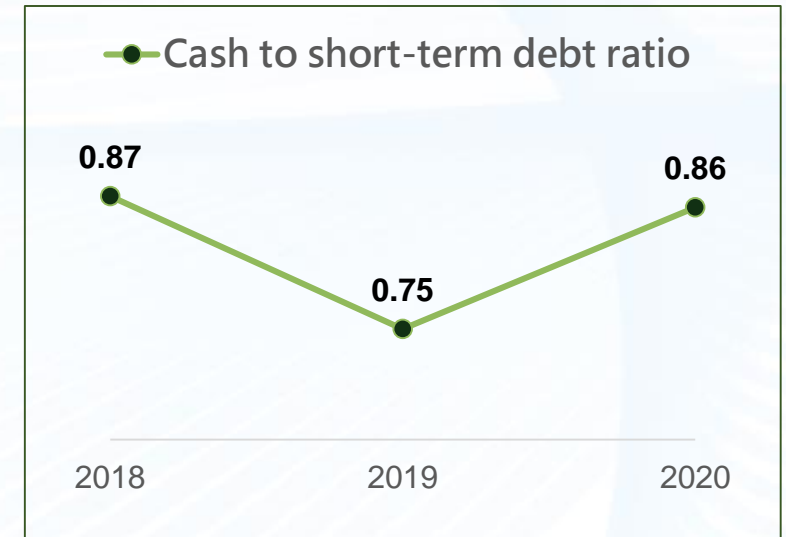
The First “Red Line” has met the requirements.

Net gearing ratio  $\leq 100\%$



The Second “Red Line” has met the requirement.

Cash to short-term debt ratio  $\geq 1$



Work plan: :

- Boost project sales;
- Diversify financing channels, optimize debt structure and implement active refinancing policy.

# Operational Review



# Project Operational Highlights

## Stable sales structure

- Recognized sales
  - 2020 recognized GFA: 231,000 sqm
  - Gross profit margin continued to beat the market
- Contracted sales
  - 2020 contracted sales: RMB5.14 billion
  - Cash collection rate 99%

## Massive Saleable Resources

- Sufficient saleable resources
- Saleable resources: RMB 9.7 billion

## Looking Forward to the Next Decade

- Land reserves: 14 million sqm.
- More than 90% of which are located in the core areas in the core cities of the Greater Bay Area
- Satisfy the needs of development in the next ten years



## Steady Recurring Income Flow

- GFA served : 2.97 million sqm
- Managing over 25 projects

## Major Breakthroughs of Renewal Projects

- Baishizhou Renewal Project - Attained 100% contract signing rate for Phase I
- Undergoing government approval process of being operating entity
- Construction expected to commence in 2021



# Stable sales structure

## Recognized Sales

	Project	Recognized GFA	Average price	Recognized Revenue
<b>2020 recognized sales: RMB4.51 billion</b>	Mangrove Bay No.1	8,994	69,510	625
	Amazing Plaza	27,225	63,518	1,729
<b>2020 recognized GFA: 231,000 sqm</b>	Remaining units in Shenzhen	813	38,402	35
	Joyful Town	43,411	26,984	1,172
<b>Gross profit margin continued to above market level</b>	International Garden	144,154	6,140	885
	Suzhou NEO	6,458	10,387	67

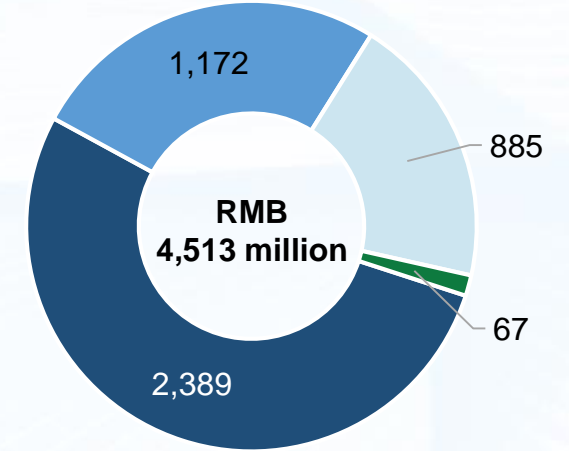
## Contracted sales\*

	Project	Contracted area	Contracted average price	Contracted amount
<b>2020 contracted sales: RMB5.14 billion*</b>	Mangrove Bay No.1	1,210	92,893	112
	Amazing Plaza	32,349	72,114	2,333
<b>2020 GFA of contracted sales: 233,000 sqm*</b>	Remaining units in Shenzhen	188	53,324	10
	Joyful Town	37,734	35,096	1,324
<b>Cash collection rate 99%</b>	International Garden	153,639	8,432	1,189
	Suzhou NEO	4,138	11,240	47
	LVGEM Mansion 1898	3,649	35,340	129

## Recognized sales analysis by cities

(RMB million)

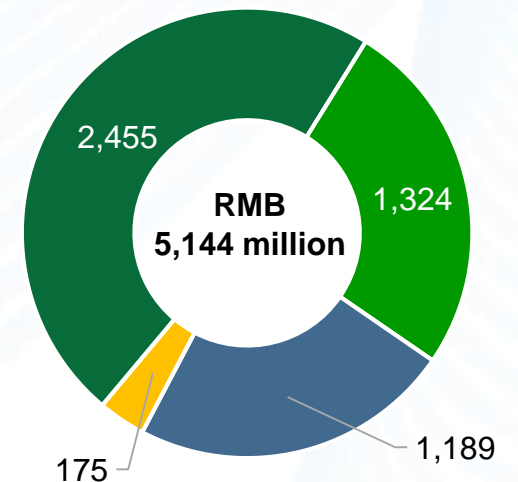
- Shenzhen 53%
- Zhuhai 26%
- Huazhou 20%
- Suzhou 1%



## Contracted sales analysis by cities\*

(RMB million)

- Shenzhen 48%
- Zhuhai 26%
- Huazhou 23%
- Suzhou 3%



Calculation unit : selling area ( m<sup>2</sup> ) · unit selling price ( RMB/ m<sup>2</sup> ) · selling amount ( RMB million )

\*On subscription basis

# Massive Saleable Resources

As of 31 December 2020, the saleable resources was approximately RMB 7.1billion, and expect to deliver RMB2.6 billion more in 2021.  
Saleable resources was sufficient with total value of RMB 9.7 billion.

Saleable resources ( As of 31 December 2020 )				Additional saleable resources in 2021			
City	Project status	GFA (sqm)	Saleable resources (RMB million)	City	Project status	Estimated GFA (sqm)	Estimated Saleable resources (RMB million)
Shenzhen	Completed units	46,932	3,700	Zhuhai	Under construction	45,678	1,900
Zhuhai	Completed units (in the process of applying Property Ownership Certificate)	96,273	2,300				
Huazhou	Completed units	32,895	300	Huazhou	Under construction	102,872	700
	Pre-sales units	41,897	400				
Suzhou	Completed units	13,613	400				
	<b>Total</b>	<b>231,610</b>	<b>7,100</b>		<b>Total</b>	<b>148,550</b>	<b>2,600</b>

# Looking Forward to the Next Decade

## - Sufficient Land Reserve for Development

As of 31 December 2020, the total GFA of the listed company's land reserves was approximately 1,400 sqm<sup>1</sup>, more than 90% of which are located in the core areas in the core cities of the Greater Bay Area, with nearly 100% attributable ratio.

	No.	Project	Location	Equity	Year of sales / expected pre-sale	Year of construction completion	Total GFA (sqm)	Remaining saleable area (sqm)
Project under construction	1	LVGEM International Garden D2,C1 section	Huazhou, Maoming	100%	2019-2020	2021-2022	278,282	200,303
	2	LVGEM Joyful Town	Xiangzhou, Zhuhai	100%	2019	2021	213,703	176,574
	3	LVGEM Mansion1898	Gusu, Suzhou	100%	2020	2020	22,296	21,341
	4	Phases I & II of Zhuhai Dongqiao Project	Xiangzhou, Zhuhai	91%	2021-2022	2022-2023	764,920	329,125
						Subtotal	<b>1,279,201</b>	<b>727,343</b>
Projects to be developed	1	LVGEM International Garden (remaining phase)	Huazhou, Maoming	100%	NA	NA	1,075,376	NA
	2	Baishizhou Project	Nanshan, Shenzhen	80%	2023	NA	3,580,000	1,757,878
	3	Liguang Project	Baoan, Shenzhen	100%	2022	2024	382,139	274,999
	4	Mangrove Bay No. 1 Phase II	Futian, Shenzhen	100%	2022	2024	139,666	13,951
	5	Lau Fau Shan Project	Lau Fau Shan, Hong Kong	95%	2023	2023	23,880	23,880
						Subtotal	<b>5,201,061</b>	<b>2,070,708</b>
Projects to be injected	1	Zhangyang Project	Zhangmutou, Dongguan	NA	NA	NA	5,500,000	NA
	2	Nanxi Project	Xiangzhou, Zhuhai	NA	NA	NA	1,300,000	NA
	3	Others	Shenzhen	NA	NA	NA	900,000	NA
						<b>Total</b>	<b>14,180,262</b>	

Notes 1. Included the land reserve held by the controlling shareholder to be injected into the listed company.

2. Projects to be injected: According to the pace of development, the renewal projects will be injected into LVGEM; the area and development time indicators are still in planning process.

# Steady Recurring Income Flow

## Recurring Income Analysis

( RMB mn )

■ 2018 ■ 2019 ■ 2020

Commercial property investment and operation



Comprehensive services



Total



As at 31 December 2020, the GFA under comprehensive services segment was around 2.97million sqm. Managing more than 25 projects.

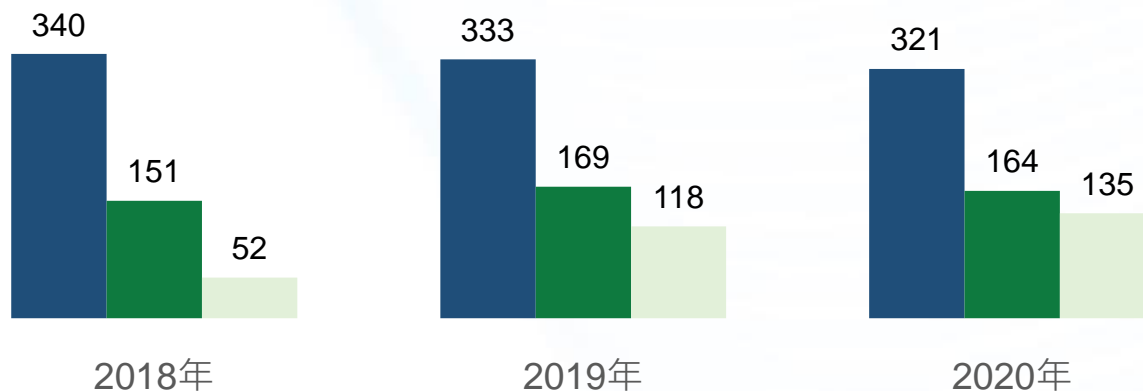
- Shenzhen NEO upgrade: renovate podium of Block A; introduce high quality merchants; improve the service facilities and image of the project.
- Hong Kong NEO: successfully introduce famous companies including Vanke, Ping An, and FTLife Insurance; ground-floor commercial space 100% leased.

NEO

## Commercial Property Investment and Operations Analysis

( RMB mn )

■ NEO ■ Zoll ■ Others



- In August 2020, B4 zone of LVGEM Zoll International Garden Shopping Mall launched its opening successfully.
- In December 2020, LVGEM and Wanda signed an agreement to build Wanda Plaza in the G1 zone of Huazhou International Garden.
- 2021 Plan : Zoll Mangrove Bay No. 1 Shopping Mall and ground-floor commercial space of Zhuhai Joyful Town will open.

Zoll

# Overview of Commercial Property Investment and Operations

Project name	City	Type	Year of completion	GFA (sqm)	Occupancy rate		Rental income (RMB mn)	
					2019	2020	2019	2020
<b>Zoll</b>								
LVGEM Zoll Chanson Shopping Mall	Shenzhen	Shopping mall and parking spaces	2013	36,887	99%	93%	41.3	34.1
LVGEM 1866 Zoll Shopping Mall	Shenzhen	Shopping mall and parking spaces	2014	54,361	99%	99%	50.0	49.7
LVGEM Zoll Hongwan Shopping Mall	Shenzhen	Shopping mall and parking spaces	2015	76,809	99%	96%	51.7	52.3
LVGEM Zoll Mangrove Bay No.1 Shopping Mall	Shenzhen	Shopping mall and parking spaces	2018	20,505	NA	NA	-	-
LVGEM Zoll International Garden Shopping Mall ( Zone A )	Huazhou	Shopping mall and ground-floor commercial space	2015	27,878	94%	92%	10.9	13.3
LVGEM Zoll International Garden Shopping Mall ( Zone B )	Huazhou	Shopping mall and ground-floor commercial space	2018	37,638	100%	100%	-	-
LVGEM Zoll International Garden Shopping Mall ( Zone E )	Huazhou	ground-floor commercial space	2020	7,369	NA	85%	-	-
LVGEM Zoll Jinhua Shopping Mall	Suzhou	Shopping mall	2004	15,504	98%	96%	10.1	8.4
LVGEM Zoll Yuexi Shopping Mall	Suzhou	Shopping mall	2018	12,216	86%	90%	5.3	6.4
DongguanLVGEMZoll Shopping Mall	Dongguan	Shopping mall	2019	59,056	NA	NA	-	-
<b>NEO</b>								
Tower A of Shenzhen NEO Urban Commercial Complex	Shenzhen	Office building, commercial units and parking spaces	2011	108,360	81%	86%	280.0	215.1
Towers B&C of Shenzhen NEO Urban Commercial Complex	Shenzhen	Commercial units and parking spaces	2011	26,097	100%	100%	36.9	43.2
HK LVGEM NEO	Hong Kong	Office building, commercial units and parking spaces	2019	55,390	~50%	50%	21.2	63.0
<b>Other projects</b>								
Others		Industrial parks, stores and apartments		261,818	NA	NA	111.3	134.7
				<b>Total</b>	<b>799,888</b>		<b>618.7</b>	<b>620.2</b>

- As at 31 December 2020, LVGEM held over 25 investment properties, with a total GFA 799,888 sqm.
- Rental income in 2020 recorded RMB620 million under harsh economic environment.
- Maintaining high occupancy rate in the industry: Zoll 93%, Shenzhen NEO: 87%, and Hong Kong NEO: over 50%.
- In 2020, Zoll International Garden Shopping Mall in Zone B4 opened as scheduled.
- In the future, Zoll Mangrove Bay No. 1 Shopping Mall and Zhuhai Joyful Town with ground-floor commercial space will be open, and the commercial area and rental income will be further increased.

# Hong Kong NEO: CBD2 Super Grade-A Office Building with Full Sea View

As at 31 December 2020, the occupancy rate was more than 50%; ground-floor commercial space 100% leased; Market value over HKD10 bn; and named as “HK LVGEM NEO” being headquarters of the Group in Hong Kong.



LEED Platinum certification, HK BEAM PLUS Platinum certification,

Core tenants: FTLife, Ping An One Connect, Ping An Overseas Holdings, Benz International, L.L.BEAN, Lion Rock Group

Successful partnership of parking spaces with Aston Martin, Tesla, and Google

Many large financial institutions and multinational companies have set up their offices into Kowloon East



- Kowloon East will be the second central business district in the near future.
- The Shatin to Central Link ( Kai Tak to Hung Hom ) is expected to open in 3Q22, which makes 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 capital gains to the Group**

# Major Breakthrough of Renewal Project - Baishizhou Project



# Baishizhou Project progress beyond expectations

The key nodes in the early stage of the project have been completed, the first phase of development is ready to proceed

Specific project development plan approved

Compensation plan approved

100% signing rate of the relocation compensation agreement for Phase I attained

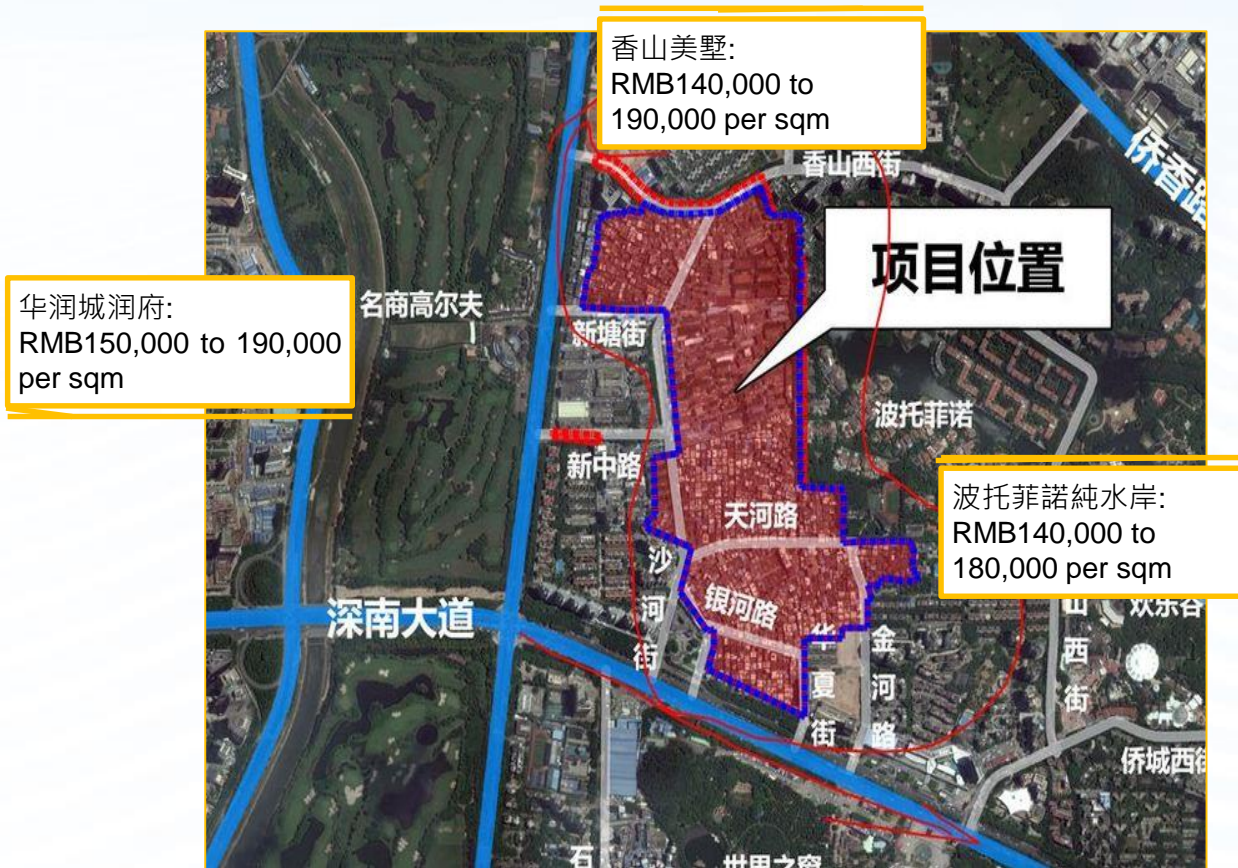
Public announcement about application of being operating entity for Phase I finished, now undergoing relevant government procedures

Confirmation of the operating entity

Commencement, foundation construction

## Superior Project Location Extremely High Project Value

- Capacity area: 3.58 mn sqm, each residential, apartment and commercial space occupying 1/3 of project size
- Location: North of Shennan Avenue, including Xin Tang Village, Shangbaishi Village, Xiabaishi Village, Tangtou Village and surrounding areas

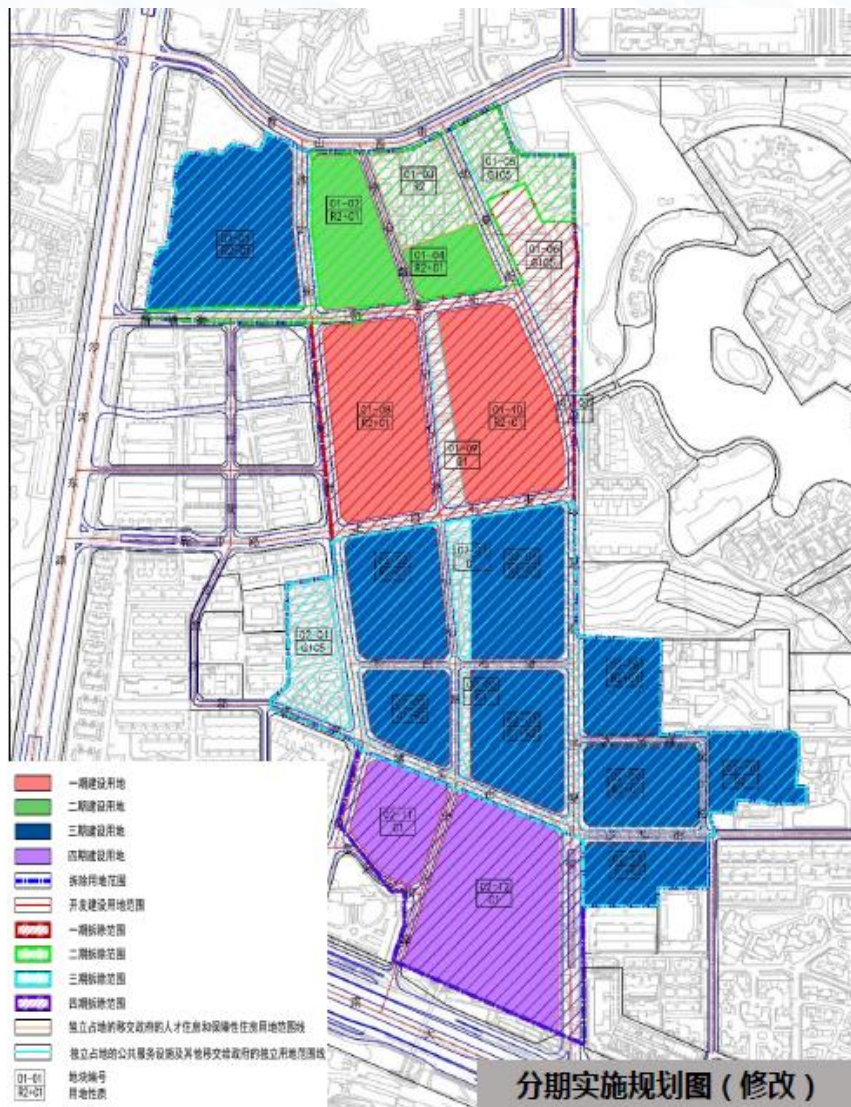




# Planning of the Four Phases

To expedite the project progress, it will be divided into four phases.

The original plan for Phase I is split into two phases now, hereby to facilitate the confirmation of being the project operating entity



Original plan	Phase I	Phase II	Phase III
Capacity area: (sqm.)	862,050	1,767,500	850,000



New plan	Phase I	Phase II	Phase III	Phase IV
Capacity area: (sqm.)	675,780	186,270	1,767,500	850,000



Main buildings



50-meter corridor



Phase IV commercial buildings

“Co-own” equity structure to ensure the project progressing steadily;  
Well-planned funding arrangement to ensure the project development as scheduled (bank credit facility, own funds, inventories); and  
Phase by phase development model to ensure stable cash flow and sustainable development

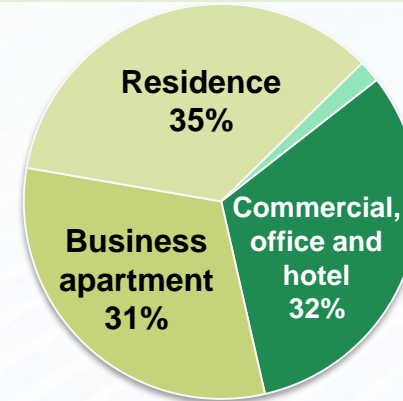
## Funding arrangement

### Funding Plan

Phase I & II	Phase III & IV
1. RMB20.7 bn loans from Everbright Bank	1. Banking facilities
2. RMB9.4 billion of cash balance	2. Cash collection from Phase I&II
3. Cash collection from other projects during the 2-year construction period	3. Cash collection from other projects

## Phase by phase development

- Large Scale: total capacity and development scale of 3.58 mn sqm.
- Development model: phase by phase development, dividing into four phases, will be completed in 8-10 years



# Creating New Benchmark for a Smart City

Respond to the needs of High-tech Innovation Center, Overseas Chinese Town Cultural and Creative Center,  
Super Headquarters Base, and Nanshan Houhai Center

Build up a comprehensive community where residential and commercial function oriented  
→ to transform Greater Bay Area and Nanshan District into a core area



# Development Strategy



# The launch of Baishizhou project will bring explosive growth

Towards the vision of being “the most respected city value-creator” by implementing short, mid and long-term development plans  
To create project and city value by focusing on urban renewal and integrating smart community technology  
Being a pioneer in the Greater Bay Area

<b>Short term</b>	2020-2022: Achieve stable growth with existing projects
<b>Stable</b>	<ul style="list-style-type: none"> <li>❑ Achieve healthy and sustainable growth with existing projects under construction and projects to be developed. <ul style="list-style-type: none"> <li>➢ Shenzhen: Mangrove Bay No. 1, Amazing Plaza and Liguang Project</li> <li>➢ Zhuhai: Joyful Town and Dongqiao Project</li> <li>➢ Huazhou: International Garden</li> </ul> </li> </ul>
<b>Mid-term</b>	2023-2030: Baishizhou Project into sales by phases
<b>Surge</b>	<ul style="list-style-type: none"> <li>❑ Baishizhou Project brings explosive growth of income and profit when contracted sales to be commenced and recognized.</li> </ul>
<b>Long term</b>	2031 and onwards: In-depth development of successful urban renewal model
<b>Solid</b>	<ul style="list-style-type: none"> <li>❑ More urban renewal projects will be injected to the listed company.</li> <li>❑ Upgrade “Two-Pronged” model and the commercial projects may make up half of the Group’s revenue.</li> <li>❑ Smart technology will become a new growth driver to better serve communities and urban upgrade.</li> </ul>



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

# Growth in Business and Smart Service

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



**Urban renewal projects to be injected**

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**

## Cooperate with Huawei and China Unicom to build benchmark smart city projects in Baishizhou and Dongqiao



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**

To explore new models for developing and operating large-scale urban renewal projects with smart technologies and industry upgrade to strengthen our core competitiveness