

# 2021 Annual Results Presentation

30 March 2022





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## Highlights



# Highlights of 2021 Annual Results

## "Ensure security, promote development"

Three major urban renewal projects in Shenzhen commenced, and the total construction area hit record

Sufficient land reserve with high land value

Stable financial structure and low financing cost to ensure safe and long trip

### Baishizhou project

- 1) The contract signing rate of project phase 1 is 100%;
- 2) Confirmed the operating entity of phase I;
- 3) Obtained the planning permit for construction land and the permit for commencement of construction works(earth-and-stone, foundation pit support works);
- 4) The foundation pit works have been basically completed;

### Liguang project

- 1) The signing rate of project is 100%;

### Mangrove Luxury Garden phase II project

- The signing rate of project is 100%;
- Confirmed of project implementation subject
- Land use right approval, construction land planning permit and land real estate certificate;
- Start foundation pit support and earthwork construction.

- The total construction area is over 16 million square meters;
- About 90% are located in the core area of the core city of Greater Bay Area;
- Meet the development needs in the next decade;
- Land reserve in the core district of cities ensures high sell-through rate.

Occupancy rate of Shenzhen NEO returns to nearly 94% and that of Zoll remains at about 94%

- Cross-sector and diversified investment promotion strategies have successfully increased the occupancy rate of NEO by about 10%;
- Shenzhen NEO 's "business renewal" strategy introduces new customers;
- Income generated from commercial properties has been steadily growing.

- The debt structure is clear and there is no off balance sheet financing;
- Baishizhou project is going smoothly which enhanced the confidence of capital market and investors;
- Strong refinancing ability, successfully issued two public offering notes in the second half of 2021;
- Two of the three red lines have reached the standard, and will strive to reach all the standards in 2023, being included in the "green file".



# Annual Performance Analysis





# Annual performance overview

Twelve Months Ended December 31 (RMB Million)	2021FY	2020FY	YoY Change
Revenue	4,378	5,425	-19.3%
Cost of sales	(2,190)	(2,759)	-20.6%
Gross profit	2,188	2,666	-17.9%
Gross profit margin	50.0%	49.1%	+0.9百分点
Profit for the period	1,335	3,451	-61.3%
Net profit ratio	30.5%	63.6%	-33.1百分点
Profit attributable to the shareholders	1,153	3,453	-66.6%
Basic earnings per share (RMB cents)	22.61	68.03	-66.8%
Diluted earnings per share (RMB cents)	13.37	38.47	-65.2%

**Reasons for the decline in revenue:**

1. Significant unit price difference between Shenzhen and other cities per square meter;
2. A considerable part of the sales occurs at the end of the year, and certain amount is not accounted.

**Reasons for the decline in profits attributable to shareholders:**

1. The recognized sales amount decreased;
2. When consolidating the Baishizhou project, the appreciation part is included.



# Revenue and Gross Profit Analysis by Segment

## Revenue Analysis by Segment

Twelve Months Ended December 31	2021FY		2020FY		YoY Change (%)
	RMB Million	% of Revenue (%)	RMB Million	% of Revenue (%)	
Real estate development and sales	3,392	77.5%	4,513	83.2%	-24.8%
Commercial property investment and operations	643	14.7%	620	11.4%	+3.6%
Comprehensive services	343	7.8%	292	5.4%	+17.5%
<b>Total</b>	<b>4,378</b>	<b>100%</b>	<b>5,425</b>	<b>100%</b>	<b>-19.3%</b>

## Gross Profit Analysis by Segment

Twelve Months Ended December 31	2021FY		2020FY		YoY Change (%)
	RMB Million	Gross Profit Margin (%)	RMB Million	Gross Profit Margin (%)	
Real estate development and sales	1,499	44.2%	2,025	44.9%	-26.0%
Commercial property investment and operations	582	90.6%	566	91.3%	+2.8%
Comprehensive services	107	31.3%	75	25.5%	+42.7%
<b>Total</b>	<b>2,188</b>	<b>50.0%</b>	<b>2,666</b>	<b>49.1%</b>	<b>-17.9%</b>



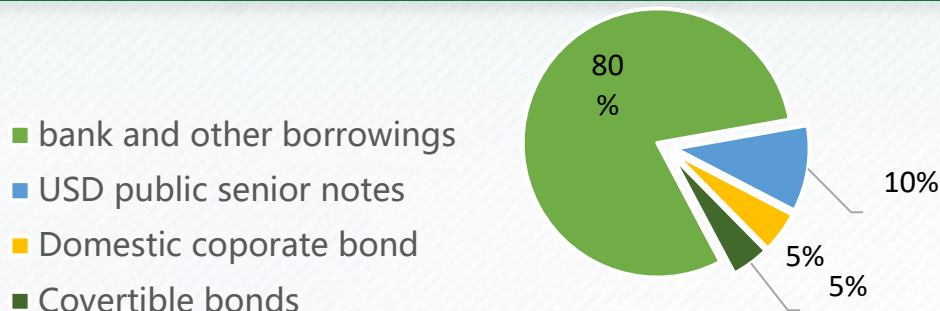
## Balance Sheet

(RMB Million)	31 December 2021	31 December 2020	YoY Change
<b>Cash balance</b>	7,287	9,410	-22.6%
- Cash and cash equivalents	3,907	5,430	-28.0%
- Restricted deposits	3,380	3,980	-15.1%
<b>Total interest-bearing liabilities</b>	31,188	30,651	+1.8%
<b>Total equity</b>	29,441	27,886	+5.6%
- Equity attributable to owners of the Company	25,929	24,724	+4.9%
<b>Total assets</b>	84,942	74,267	+14.4%
Net gearing ratio	81%	76%	+5.0百分点
<b>Debt analysis</b>			
Secured	24,064	22,915	+5.0%
Unsecured	7,124	7,736	-7.9%

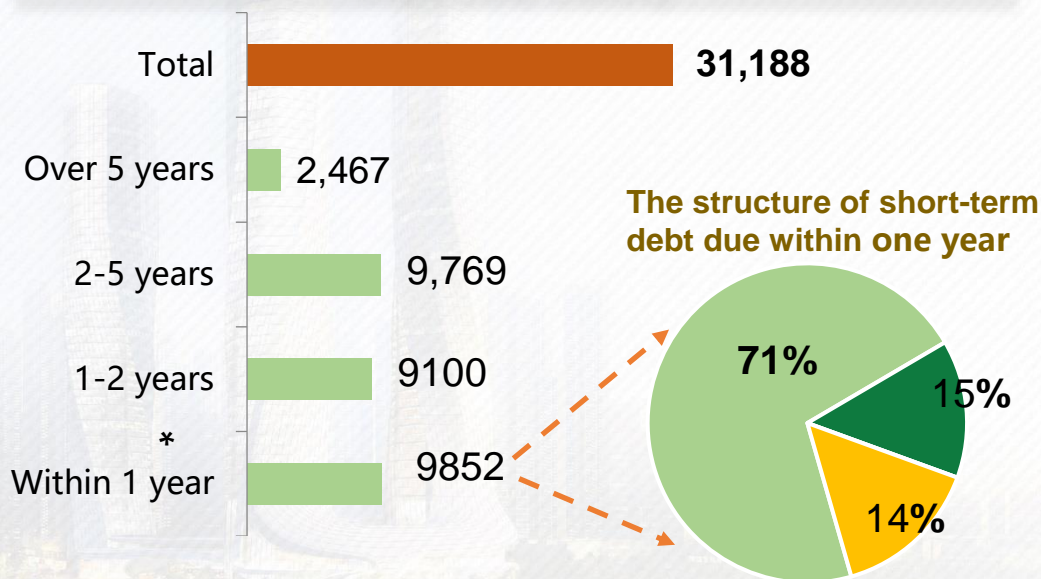
# Proactive Financial Management (Debt)

(Twelve Months Ended 31 December 2021, RMB Million)

## Debt Types: Reasonable Structure and Effective Risk Resistance



## Maturity: Prioritize Stability and Ensure the Fund Safety



## Refinancing Plan of Short-term Debt within One Year

➤ About 71% for bank and other borrowings (RMB 7 billion), of which:

- About RMB 1 billion of development loan needs to be repaid when due;
- About RMB 1.4 billion is overseas loan under domestic guarantee;
- About RMB 4 billion is project loan / operating property loan with high opportunity of renewal upon maturity; Among them, the project loan of RMB 800 million (130 million US dollars) has been successfully renewed in January 2022;
- About RMB 530 million is overseas Hong Kong dollar bonds.

➤ About 15% for convertible bonds (RMB 1.46 billion)

- The total amount of the three convertible bonds is RMB 1.46 billion. With the smooth progress of Baishizhou project, the refinancing arrangement is expected to be completed in the first half of 2022.

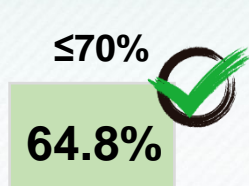
➤ About 14% are small public offerings in China (RMB 1.4 billion)

- In August 2021, the group has issued new public bonds of RMB 1.6 billion, of which RMB 1.4 billion is one-year and RMB 200 million is two-year, and the one-year bond is expected to be renewed.

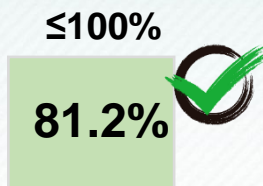


# Proactive Financial Management( 'Three Red Lines' )

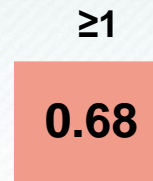
## Debt Pressure Reliefs, Met Two Among the 'Three Red Lines'



The liabilities to assets ratio after excluding receipts in advance



Net gearing ratio

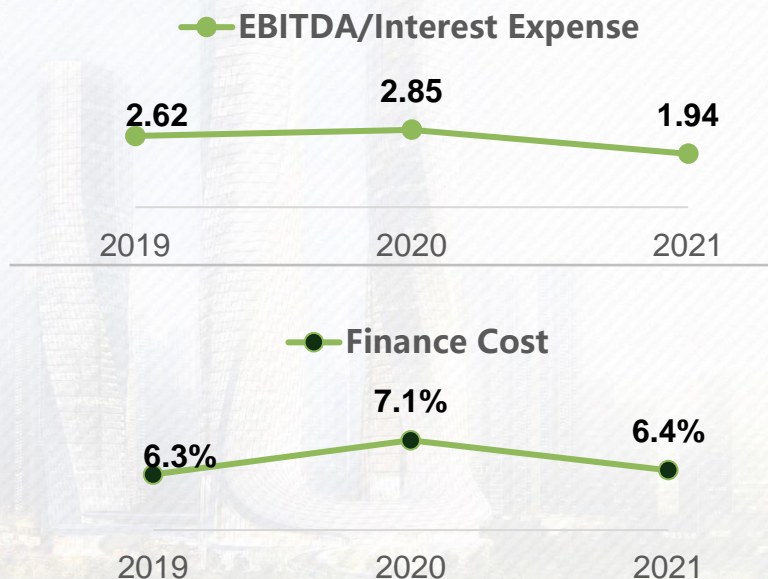


Cash to short-term debt ratio

### Cash to short-term debt ratio:

- It is expected to reach the standard in 2023;
- Baishizhou project is expected to bring considerable income and cash flow, and other urban renewal projects gradually commenced.
- To implement an active refinancing policy and optimize the debt structure.

## Maintained Low Level of Debt Cost



## Diversified the financing channels

### Clear and transparent debt structure

- ✓ The on balance sheet financing of banks and financial institutions is about RMB 25 billion, and there are no off balance sheet loans, and there are no US dollar bonds due during the year.

### ✓ Diversified financing channels

- 1) During this year, shareholders fully supported the listed-co, and provided funds as working capital.
- 2) Introduce well-known investors: ARTE and Bain Capital.

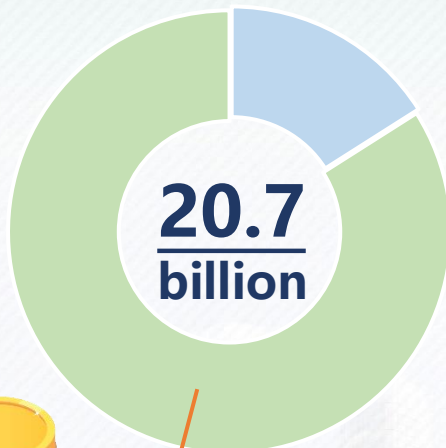
### ✓ Strong refinancing ability

In the second half of 2021, a total of about RMB 2.32 billion of refinancing was completed overseas, including the successful issuance of two commercial bills, with a total of about HK \$ 600 million; The refinancing completed in Mainland China is about RMB 5.08 billion.

### ✓ High quality projects are supported by bank loans

Even in the face of the turmoil in the bond market, with the high-quality urban renewal projects, the project still completed the new withdrawal of approximately RMB 2.48 billion in the second half of the year.

## Available Unutilized Credit Lines



**Unutilized Credit Line 17.5 billion**

*\*Baishizhou special credit lines*



## Estimated Saleable Value in 2022



**12 billion**

## Internal funds



**7.3 billion**

## Potential Financing Resources

The ample urban renewal resources held by listed-co and the controlling shareholder lay the foundation for further financing potential:

### Listed company:

Baishizhou and other urban renewal projects have high valuation, low LTV and remarkable financing ability;

### The controlling shareholder:

Shareholder loans unpinned by abundant resources for financing could be provided to project companies and support the development of listed-co.



# Business Review





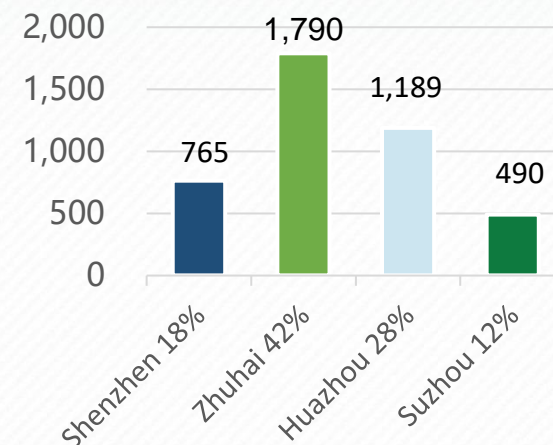
# Sales and Cash Collection in Good Progress

- ✓ 2021 contracted sales: RMB 4.23 billion
- ✓ 2021 GFA of contracted sales: 199 thousand sqm
- ✓ Project sales hit the market, cash collection rate marks high: cash collection rate of Huazhou International Garden is 92%; of Amazing Plaza is 100%; of Zhuhai Joyful Town is 97%

## Contracted sales in 2021\*

Project	Contract area	Average contract price	Contract amount
Amazing Plaza	7,711	74,294	573
Zhuhai Joyful Town	23,638	36,096	853
Zhuhai Royal Bay	20,615	45,453	937
Huazhou International Garden	130,755	9,094	1,189
LVGEM Mansion 1898	13,920	35,218	490
Mangrove Bay No. 1	1,319	88,316	117
Remaining unites in Shenzhen	955	78,358	75

## Contracted sales by cities\*



**Calculation Unit:** selling area(m<sup>2</sup>), unit selling price(RMB/m<sup>2</sup>), selling amount(RMB million) \*On subscription basis





# Sales and Cash Collection in Good Progress

## Recognized Sales in 2021

- ✓ 2021 recognized sales: RMB 3.39 billion
- ✓ 2021 GFA of recognized sales: 203 thousand sqm
- ✓ The projects were sought after by market which effectively supported the continuous short-term performance.



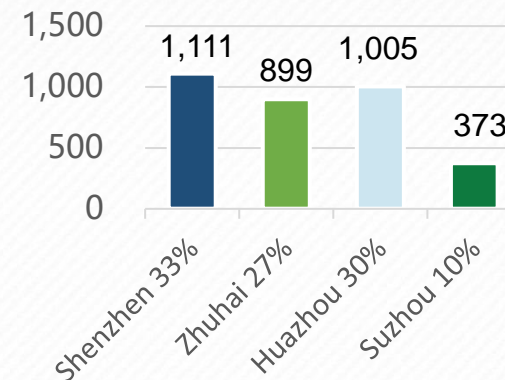
The gross profit margin is leading the industry



Collection rate of projects on sale 88.92%

Project	Recognized GFA	Average Price	Recognized Revenue
Amazing Plaza	13,302	68,518	911
Zhuhai Joyful Town	14,514	61,969	899
Huazhou International Garden	167,705	5,994	1,005
LVGEM Mansion 1898	5,197	72,526	373
Mangrove Bay No. 1	2,116	88,245	187
Remaining unites in Shenzhen	222	57,410	13

## Recognized sales by cities



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



Huazhou International Garden



Shenzhen Mangrove bay No. 1

# Saleable Resources Support Sales Achievement



Total estimated saleable value in 2022

RMB 12 billion



## Saleable Resources by Projects

Cites	Project	Estimated Inventory Saleable Area (M <sup>2</sup> )	Available for sale amount of inventory (RMB10,000)
Shenzhen	Mangrove Bay No.1 Phase II	10,770	107,700
	Amazing Plaza	193	1,351
Zhuhai	Zhuhai Joyful Town South Area	63,154	130,990
	LVGEM Royal Bay	170,036	753,400
Huazhou	Huazhou International Garden (including parking space)	172,110	208,822
Suzhou	Suzhou NEO (including parking space)	249	1,134
	Suzhou Xiyue Garden	101	1,616
	<b>Total</b>	<b>416,613</b>	<b>1,205,013</b>



## Construction area hit the record, ushering in explosive growth

- ✓ With the historic launch of Baishizhou project and the start of other renewal projects, it is expected that the total development area of the group will reach 3.38 million square meters in 2022, and the business development is expected to drive into the fast lane of development.

Construction area in 2021		
City	Project status	Construction area (10,000 square meters)
New construction area	Mangrove Bay No.1 Phase II	16.08
	Huazhou Project	2.88
	Baishizhou Project Phase I	94.63
Area under construction	Under construction	143.46
<b>Total</b>		<b>257.04</b>

New construction area in 2022		
City	Project status	Construction area (10,000 square meters)
New construction area	Baishizhou Project Phase II	30.70
	Liguang Project	22.15
	Huazhou Project	28.27
<b>Total</b>		<b>81.12</b>

# Sufficient land reserves to ensure long-term sustainable development

The Company's **land reserves** have a total gross floor area of over **16 million** square meters<sup>1</sup>, with approximately **90% located in the core urban areas of the Greater Bay Area**

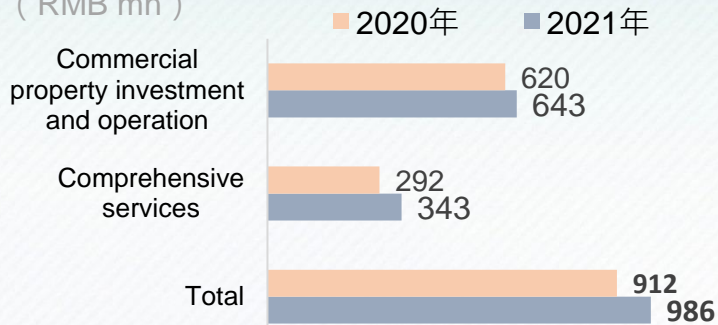
	No.	Project	Location	Equity	Actual / expected presale commencement	construction completion	Total GFA (m <sup>2</sup> )	Remaining saleable area (m <sup>2</sup> )
Projects under construction	1	LVGEM International Garden C1,C2 section	Huazhou, Maoming	100%	2021	2022	174,414	102,530
	2	LVGEM International Garden D3 section	Huazhou, Maoming	100%	2021	2022	49,596	37,852
	3	LVGEM International Garden G1 section phase I and phase II	Huazhou, Maoming	100%	2021-2022	2022-2023	305,856	213,384
	4	LVGEM Joyful Town north area	Xiangzhou, Zhuhai	100%	2024	2025	213,703	176,574
	5	Zhuhai Dongqiao Project phase I	Xiangzhou, Zhuhai	91%	2021	2023	497,570	170,036
	6	Mangrove Bay No.1 phase II	Futian, Shenzhen	100%	2023	2024	164,572	18,174
	7	Baishizhou Project phase I	Nanshan, Shenzhen	80%	2023	2025	946,274	337,629
							<b>Subtotal</b>	<b>2,351,983</b>
Projects to be developed	1	LVGEM International Garden (subsequent phase)	Huazhou, Maoming	100%	NA	NA	1,247,637	NA
	2	Lau Fau Shan Project	Lau Fau Shan, Hong Kong	95%	2024	2024	23,880	23,880
	3	Zhuhai Dongqiao Project phase II	Xiangzhou, Zhuhai	91%	2024	2026	267,351	138,009
	4	Baishizhou Project phase II-IV	Nanshan, Shenzhen	80%	2024	NA	3,860,243	1,462,371
	5	Liguang Project	Bao'an, Shenzhen	100%	2023	2024	562,689	281,399
	6	Nanxi Project	Xiangzhou, Zhuhai	51%	2025	2027	1,941,393	865,322
							<b>Subtotal</b>	<b>7,903,193</b>
Projects to be injected	1	Zhangyang Project	Zhangmutou, Dongguan	NA	NA	NA	5,500,000	NA
	2	Others	Shenzhen	NA	NA	NA	900,000	NA
						<b>Total</b>	<b>16,655,176</b>	

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



## Recurring Income Analysis (For the 12 months ended December 31)

( RMB mn )

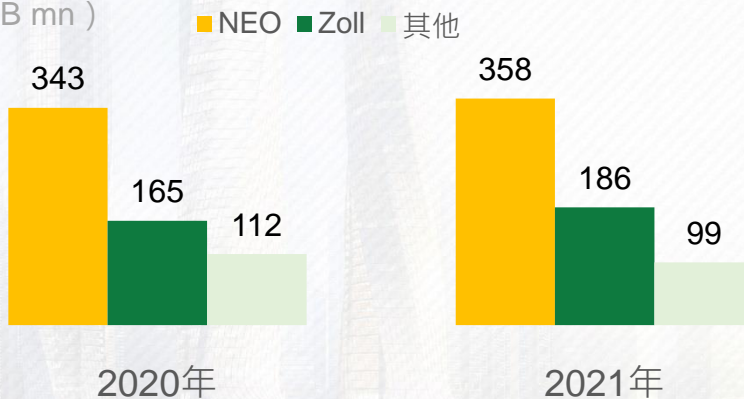


### Property Management Services

As of 31 December 2021, the total service area is approximately 3.07 million square meters, with 29 projects under operation.

## Commercial Property Investment and Operations Analysis (For the 12 months ended December 31)

( RMB mn )



## NEO

• **Shenzhen NEO:** “Commercial renewal” strategy was adopted by Shenzhen NEO to make a targeted adjustment on the original commercial, and after the negotiations bring in famous brands such as KIBAR (a High-end Japanese food brand), Xu Ji Seafoods Shenzhen flagship store, Starbucks, FACELAB, etc.

• **Hong Kong NEO:** The business transformation and diversified leasing strategies of Hong Kong NEO have successfully increased the occupancy rate. It has successfully introduced famous enterprises such as Technogym, Hong Kong Metropolitan University and Farfetch to the high and low floors respectively, deepening its international-level positioning.

## Strategic Cooperation

### ➤ Wanda Plaza located in Huazhou International Garden

• In the first half of 2021, the construction of Wanda Plaza, built by LVGEM and Wanda Group in G1 area of Huazhou International Garden has commenced and in the process of pile foundation construction.  
• It is expected to be completed in the second quarter of 2023 and be opened in the fourth quarter of 2023.

### ➤ Shenzhen LVGEM Hotel

• In 2021, the hotel management company expanded 2 light-asset projects, laying the foundation for the harmonious development of light and heavy assets in the hotel segment.

• In the first half of 2021, through a well-know domestic hotel consultant as a service agency we negotiated a total of seven top luxury hotel brands for Baishizhou hotel.

## Zoll

• In April 2021, the unveiling ceremony and leasing promotion conference of the Leasing Centre of Zhuhai LVGEM Joyful Town Zoll Shopping Centre was held.

• In January 2022, LVGEM Zoll Mangrove Bay No.1 Shopping Centre had its grand opening.

# Overview of Commercial Property Investment and Operations

Project name	City	Type	Year of completion	GFA (sqm)	For the twelve months ended December 31			
					Occupancy rate		Rental income (RMB mn)	
					2020	2021	2020	2021
<b>Zoll</b>								
LVGEM Zoll Chanson Shopping center	Shenzhen	Shopping mall and parking spaces	2013	36,887	93%	95%	35	35
LVGEM 1866 Zoll center	Shenzhen	Shopping mall and parking spaces	2014	54,361	99%	100%	50	55
LVGEM Zoll Hongwan Shopping center	Shenzhen	Shopping mall and parking spaces	2015	85,899	96%	96%	52	60
LVGEM Zoll Mangrove Bay No.1 Shopping center	Shenzhen	Shopping mall and parking spaces	2018	34,279	NA	NA	-	-
LVGEM Zoll International Garden Shopping center ( Zone A )	Huazhou	Shopping mall and ground-floor commercial space	2015	27,878	92%	92%	13	19
LVGEM Zoll International Garden Shopping center ( Zone B )	Huazhou	Shopping mall and ground-floor commercial space	2018	37,638	100%	81%	-	-
LVGEM Zoll International Garden Shopping center ( Zone D )	Huazhou	ground-floor commercial space	2021	4,494	NA	75%	-	-
LVGEM Zoll International Garden Shopping center ( Zone E )	Huazhou	ground-floor commercial space	2020	7,369	85%	96%	-	-
LVGEM Zoll Jinhua Shopping Mall	Suzhou	Shopping mall	2004	15,504	96%	96%	9	10
LVGEM Zoll Yuexi Shopping Mall	Suzhou	Shopping mall	2018	12,216	90%	93%	6	7
DongguanLVGEMZoll Shopping center	Dongguan	Shopping mall	2019	59,056	NA	44%	-	-
<b>NEO</b>								
Tower A of Shenzhen NEO Urban Commercial Complex	Shenzhen	Office building, commercial units and parking spaces	2011	120,095	86%	99%	238	228
Towers B&C of Shenzhen NEO Urban Commercial Complex	Shenzhen	commercial units and parking spaces	2011	26,097	100%	100%	42	45
Hong Kong LVGEM NEO	Hong Kong	Office building, commercial units and parking spaces	2019	55,390	50%	60%	63	85
<b>Other projects</b>								
Mangrove Bay Building A Apartment	Shenzhen	Apartment	2018	25,383	NA	100%	-	5
Baishizhou Comercial segment	Shenzhen	Shopping mall	-	249,069	NA	NA	-	-
Other		Industrial parks, stores and apartments	-	242,515	NA	NA	112	94
<b>Total</b>				<b>1,094,130</b>			<b>620</b>	<b>643</b>

- As at 31 December 2021, LVGEM held over **25** investment properties, with a total GFA **1,094,130** sqm., rental income in 2020 was RMB **640 million** under harsh economic environment.
- Maintaining high occupancy rate in the industry: Shenzhen Zoll **94%**, Shenzhen NEO **94%**, and Hong Kong NEO has improved its occupancy rate by nearly **20%** after the transformation, outperforming its peers.
- In 2020, Zoll International Garden Shopping center Zone B4 opened as scheduled. In April 2021, the unveiling ceremony and leasing promotion conference of LVGEM Joyful Plaza Zoll Shopping Center was held in Jan 2022, commercial area and rental income are further increasing.



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

Despite facing the challenge of HK protest and COVID-19 pandemic, the occupancy rate was about **70%**, higher than the industry average level, with evaluated amounts over **HKD 10 Billion**.



## Solid overall operation and stable revenue contribution

- ◆ **The first choice of multinational companies, rental income stays stable:** Hong Kong NEO currently has clients including Ping An Overseas Holdings, Ageas Insurance, Vanke Service and etc. These enterprises have strong strength to resist the risk from harsh macro-environment which could bring in stable rental income.
- ◆ **After the transformation the occupancy rate increased 20%:** Through the transformation of ground Technogym (the world's top 3 fitness equipment supplier) and Hong Kong Metropolitan University for higher education have been introduced to the ground-floor commercial area. Technogym, Hong Kong Metropolitan, and Farfetch (the world's most famous fashion online shopping platform) are introduced. The parking lot continues to maintain a good relationship with Google, Aston Martin.
- ◆ **Guarantee of confidence in the quality of operations:** The 100% renewal rate reflects high customer satisfaction and confidence in the quality of NEO's operations.
- ◆ **In 2021, effective and strict control of coronavirus:** With epidemic prevention as the first priority, the building remained free of confirmed cases in 2021 due to multiple measures.



## Multi-supporting facilities are mature and long-term value is revealed

- ◆ **Launching the core location of development in the second core business district of Kowloon East - Hong Kong.**
- ◆ **Neighborhood optimization is completed, transportation infrastructure is gradually established, and the project is upgraded.**





# Baishizhou Project Update





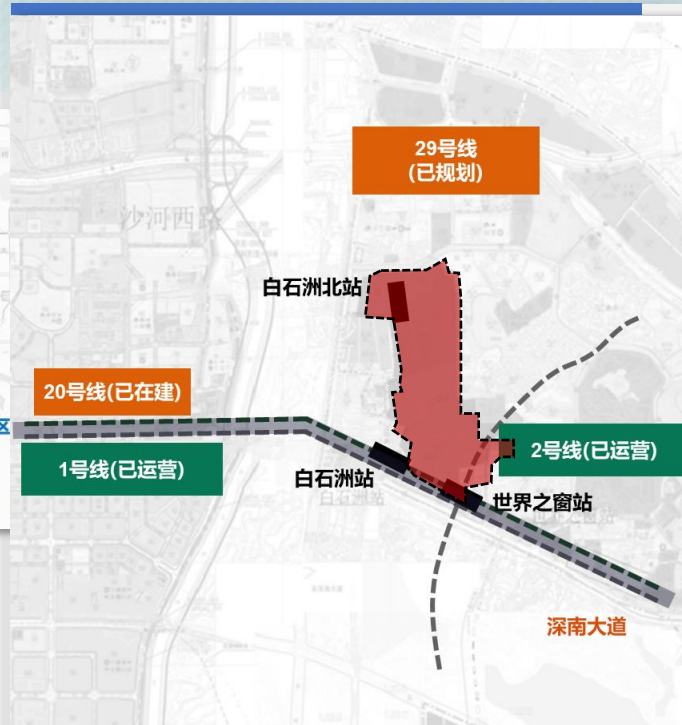
## The 'Grand Urban Renewal Project in Shenzhen'

- ✓ Demolishment land area about **459 thousand sqm.**
- ✓ Total building area about **5 million sqm.**
- ✓ Capacity building area about **3.58 million sqm.**

**Baishizhou project** refers to the "Shahe Wucun Urban Renewal Unit Project" in Nanshan District, Shenzhen. It is the **largest, the most concerned and most representative** urban renewal project in Shenzhen.



# The location of the project is superior with huge value



## Home to Luxurious Mansions

Baishizhou Project is located in the traditional luxurious residential area which attracts the rich and celebrities in Shenzhen. It is near the five enterprise headquarters base located in CBD and enjoys its industrial support. This project with urban and nature landscape resources is currently super rare.

## Super Transportation Hub

- **Public transportation advantages:** the central transfer station of "four lines and six stations" of the metro, three initial and end station of the bus, covering 24 lines.
- **Road traffic advantages:** located in the core area of Nanshan District, Shennan Avenue, and the city's main artery, Shahe East Road.

## High Commercial Value

Due to its superior location, beautiful natural landscape and perfect industrial supporting facilities, it is a scarce large-scale land resource in Shenzhen with extremely high commercial value and the average price of commercial housing is more than RMB150 thousand per sqm.





**Shahe  
Golf**

Dachong • China  
Resources City (大  
冲•华润城)  
RMB120 thousand  
to 160 thousand  
per sqm

**Portofino  
Chunshuian (波托  
菲诺纯水岸)  
RMB140  
thousand to 180  
thousand per sqm**

**Xiangshan Meishu (香山美  
墅): RMB100 thousand to  
140 thousand per sqm**



# Project planning blueprint throughout the next ten years of development



- Total project scale: about 3.58 million square meters
- Development model: phase by phase
- Number of development phase: four phases
- Development period: 8-10 years
- Saleable area: about 1.8 million sqm

After completion, Baishizhou will be transformed into Smart city with international standard center landmark complex



Main podium



50-meter corridor

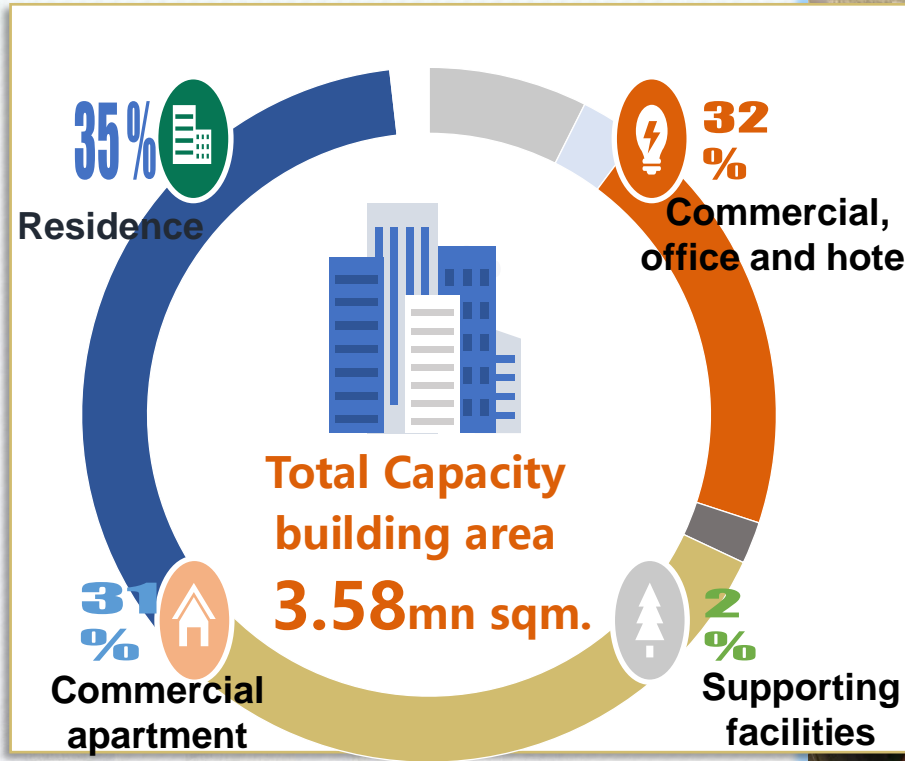
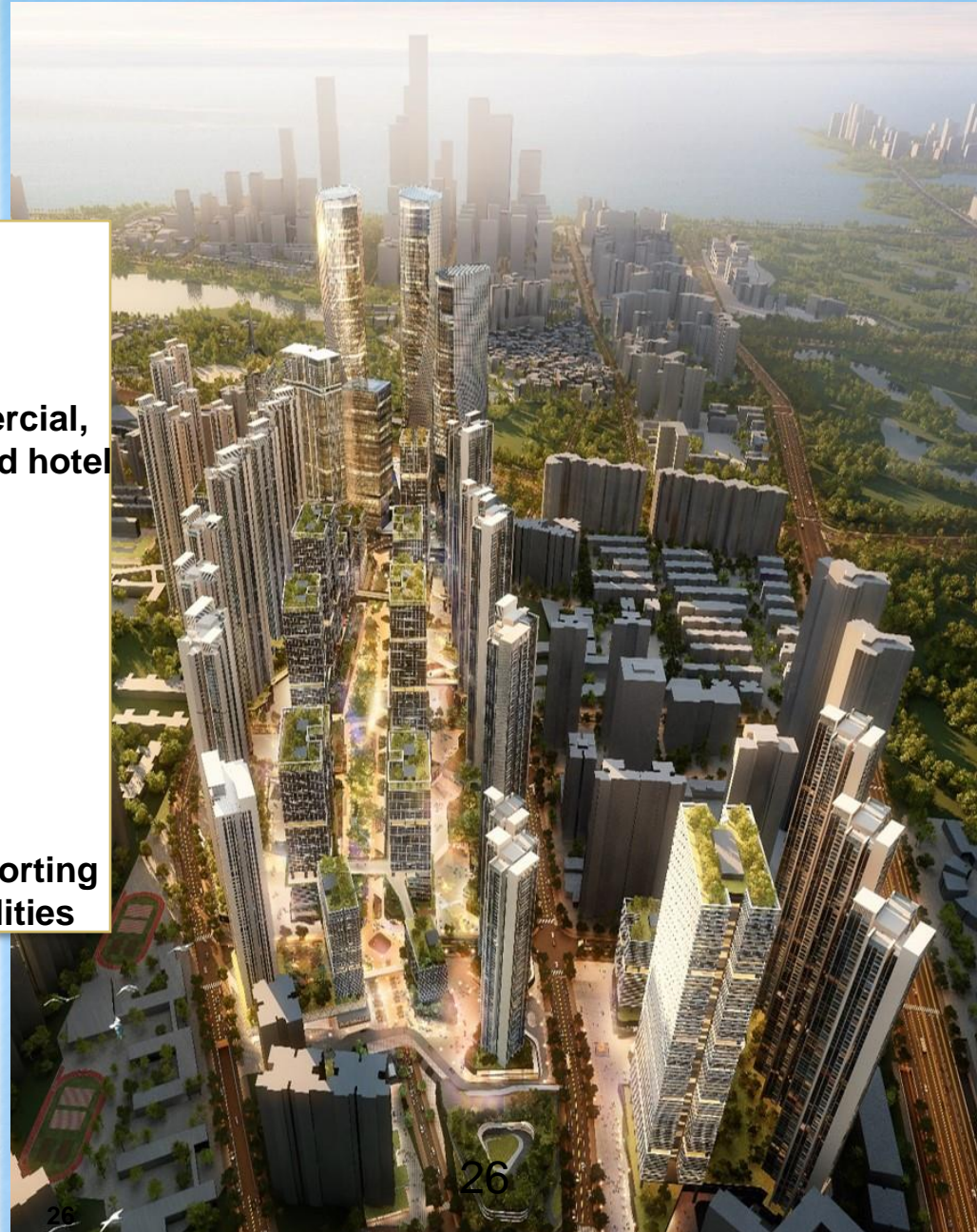


Phase IV commercial buildings





The indicators are superior with expectable future





# Though hardship, Bashizhou project is embarked on

In 2021

The first phase of the implementation subject was confirmed and the construction permit was obtained. Baishizhou was substantially commenced!



Officially commenced!

In 2020

06. Injected 55% of equity interests of the project to the group in August

In 2019

05. Started signing relocation compensation contracts in June; 25% of equity interest of the project injected to the group in October

In 2018

04. Obtained official approval from the Municipal Planning and Land Resources Committee for the special plan

In 2017

03. Considered opinions for the draft plan from 60 days of planning notice to the public

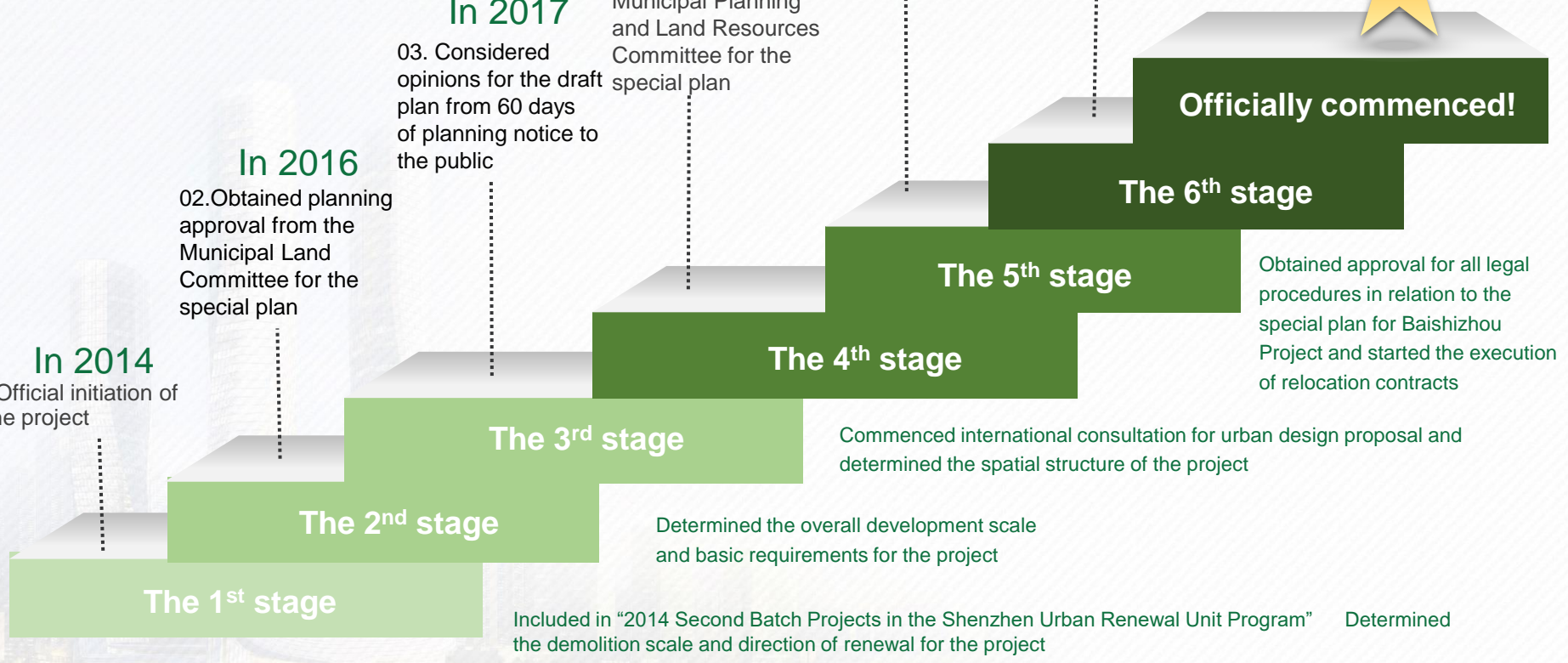
In 2016

02. Obtained planning approval from the Municipal Land Committee for the special plan

In 2014

1. Official initiation of The project

Phase I has been commences and conducted foundation construction





# Key nodes of Baishizhou project during the year

**In April 2021, the operating entity of phase I was confirmed**

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**L.gem 綠景(中國)地產投資有限公司**  
LVGEM (CHINA) REAL ESTATE INVESTMENT COMPANY LIMITED  
(Incorporated in the Cayman Islands with limited liability)  
(HKSE Stock Code: 95)

**VOLUNTARY ANNOUNCEMENT  
IN RELATION TO CONFIRMATION OF SHENZHEN LVGEM  
TIANSHENG INDUSTRY COMPANY LIMITED AS THE OPERATING  
ENTITY OF PHASE I OF BAISHIZHOU URBAN RENEWAL PROJECT**

This announcement is made by LVGEM (China) Real Estate Investment Company Limited (the "Company", together with its subsidiaries, the "Group") on a voluntary basis to keep its shareholders and potential investors informed of its latest business development.

Reference is made to the announcement of the Company dated 25 February 2021 (the "Announcement"). Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Announcement.

The Board is pleased to announce that, 深圳市綠景天盛實業有限公司 (Shenzhen LVGEM Tiansheng Industry Company Limited\*) (the "Project Company"), a subsidiary of the Company, has received the Notice in relation to the Confirmation of the Operating Entity of the Nanshan District Urban Renewal Project (《關於南山區城市更新項目實施主體確認的通知》) issued by 深圳市南山區城市更新和土地整備局 (The Shenzhen Nanshan District Urban Renewal and Land Development Bureau\*), confirming the Project Company as the operating entity of Phase I of the Baishizhou Urban Renewal Project.

The Group has commenced and has been making every effort to prepare for the construction of the Baishizhou Urban Renewal Project. The Group will make further announcements in respect of further material developments of the Baishizhou Urban Renewal Project as and when appropriate.

By order of the Board  
LVGEM (China) Real Estate Investment Company Limited  
HUANG Jingshu  
Chairman

**In July 2021, the confirmation of the planning permit for the construction land and the permit for commencement of construction works for Phase I of Baishizhou was received.**

**L.gem 綠景(中國)地產投資有限公司**  
LVGEM (CHINA) REAL ESTATE INVESTMENT COMPANY LIMITED  
(Incorporated in the Cayman Islands with limited liability)  
(HKSE Stock Code: 95)

**VOLUNTARY ANNOUNCEMENT  
IN RELATION TO THE OBTAINING OF THE PLANNING PERMIT  
FOR CONSTRUCTION LAND AND THE PERMIT FOR  
COMMENCEMENT OF CONSTRUCTION WORKS FOR  
PHASE I OF THE BAISHIZHOU URBAN RENEWAL PROJECT**

This announcement is made by LVGEM (China) Real Estate Investment Company Limited (the "Company", together with its subsidiaries, the "Group") on a voluntary basis to keep its shareholders and potential investors informed of its latest business development.

Reference is made to the announcements of the Company dated 25 February 2021 and 12 May 2021 (the "Announcements"). Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Announcements.

The Board is pleased to announce that, 深圳市綠景天盛實業有限公司 (Shenzhen LVGEM Tiansheng Industry Company Limited\*), a subsidiary of the Company, has obtained the Planning Permit for Construction Land issued by 深圳市規劃和自然資源局 (Shenzhen Municipal Planning and Natural Resources Bureau\*) and the Permit for Commencement of Construction Works (Earth-and-Stone, Foundation Pit Support Works) issued by 深圳市南山區住房和建設局 (Shenzhen Nanshan District Housing and Construction Bureau\*), confirming that Phase I of the Baishizhou Urban Renewal Project has obtained the construction commencement permit for earth-and-stone and foundation pit support works.

The Group will make further announcements in respect of further material developments of the Baishizhou Urban Renewal Project as and when appropriate.

By order of the Board  
LVGEM (China) Real Estate Investment Company Limited  
HUANG Jingshu

**建築工程施工許可證**

工程編號: 2105-440305-04-01-2060781

根據《中華人民共和國建築法》第八條規定, 經審查, 本工程符合施工條件, 准予施工。

特此发证

发证机关: 深圳市南山区住房和建設局  
日期: 2021年7月1日

建设单位	深圳市綠景天盛實業有限公司
工程名称	沙頭角區沙頭角村城市更新單元二期項目(101-0404)項下住宅、商業及公共建築
建設地址	深圳市黃崗沙頭角
建設規模	2798 平方米 合同價格 7904 萬元
設計單位	深圳市城規院工程(集團)有限公司
施工單位	深圳市城規院工程(集團)有限公司
監理單位	深圳市城規院工程(集團)有限公司
合同開工日期	2021-08-15 合同竣工日期 2022-03-31
备注	項目名稱: 沙頭角 項目地址: 黃崗沙 項目編號: 2105-440305-04-01-2060781
變更登記	

注意事項:  
一、本證是施工執照, 作為准予施工的凭证。  
二、本證是建設工程, 建設工程必須取得本證。  
三、本證在有效期間內可以申請延期。  
四、本證在有效期間內, 申請延期時, 應向原發證機關申請, 逾期不申請延期或逾期不申請延期, 逾期後, 本證自行失效。  
五、凡本證在有效期間內, 申請延期時, 應向原發證機關申請, 逾期不申請延期或逾期不申請延期, 逾期後, 本證自行失效。

**建築工程施工許可證**

工程編號: 2105-440305-04-01-2060782

根據《中華人民共和國建築法》第八條規定, 經審查, 本工程符合施工條件, 准予施工。

特此发证

发证机关: 深圳市南山区住房和建設局  
日期: 2021年7月1日

建设单位	深圳市綠景天盛實業有限公司
工程名称	沙頭角區沙頭角村城市更新單元二期項目(101-0404)項下住宅、商業及公共建築
建設地址	深圳市黃崗沙頭角
建設規模	3092.08 平方米 合同價格 8760 萬元
設計單位	深圳市城規院工程(集團)有限公司
施工單位	深圳市城規院工程(集團)有限公司
監理單位	深圳市城規院工程(集團)有限公司
合同開工日期	2021-08-15 合同竣工日期 2022-03-31
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# The construction of Baishizhou phase I progressing smoothly



The groundbreaking ceremony was held in June 2021 and the project officially commenced



# The construction of Baishizhou phase I progressing smoothly



**On December 15, 2021, the construction of about 2000 supporting piles and engineering piles was completed, which took five months, setting an industry record**



# The construction of Baishizhou phase I progressing smoothly

**Demolished building area : 250 thousand square meters**  
**Leveling site area : more than 110 thousand square meters**

**As of December 31, 2021, about 650,000 cubic meters have been unearthed, with an average of more than 10000 cubic meters unearthed per day, setting a record in the industry**



# The construction of Baishizhou phase I progressing smoothly



**As of December 31, 2021, about 650,000 cubic meters have been unearthed, with an average of more than 10000 cubic meters unearthed per day, setting a record in the industry**



# The contract signing for Baishizhou in progress satisfactorily

The signing rate of contract for Phase I:

**100%**

The signing was completed on February 24, 2021

Phase I consists of plot 08 and plot 10:

- On September 28, 2021, 50% of the land premium of phase I plot 08 was paid;
- On December 24, 2021, 50% of the land premium for the phase I of plot 10 was paid;
- The payment of the remaining was tentatively scheduled to be completed in the Q4.



Overall signing rate at this stage:

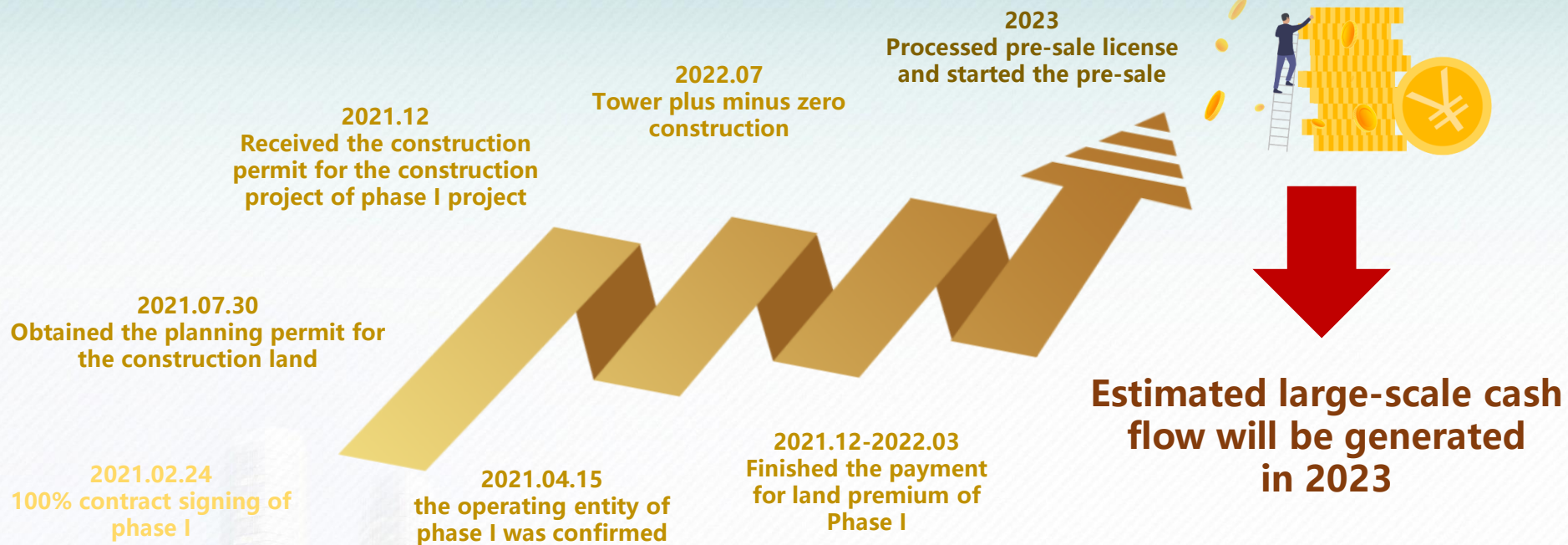
**92%**

Estimated Completion of contract signing by the end of December 2022:

**100%**



# Important nodes of Baishizhou phase I and its prospects



## 高确定性增长路径显现

### Accelerating development

The Phase I is expected to have a saleable area of 300,000 square meters. It is expected that a large amount of cash will be returned, and the sales scale and profit will achieve leapfrog growth.

### Debt improves into the green stage

The return of funds will promote a significant reduction in net liabilities. By then, the three red lines will all meet the standards, and the company will smoothly enter the green stage.

### Recognized by Capital Market

LVGEM will win the favor of the capital market with its high-certainty growth and high growth rate, thereby contributing to the growth of market value.

### Brand value emerges

Building a benchmark project, further consolidate the company's leadership in renewal, and build a brand reputation in the Greater Bay Area.



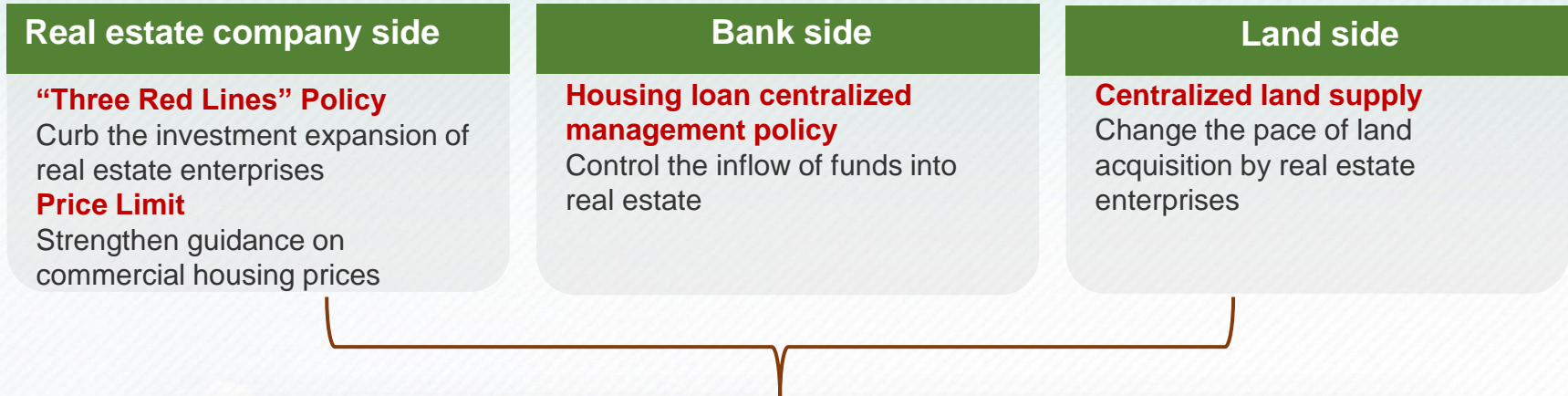
# Development Strategy





# Adhere to deep cultivation, the LVGEM era is coming

From the perspective of the policy, the core of the central government's regulation of the real estate market is still **"stability"**, and unswervingly implement the "housing is for living not for speculating"



**The brutal growth model driven by high leverage is difficult to sustain**  
The company with intensive cultivation and steady development ushers in development opportunities

**Challenges faced by fast turnover real estate enterprises :**

- **"Difficulty in obtaining land"** leads to difficulty in land reserve to support future development
- Competing for land **reduce project profits**
- Fast drive **capital chain is unsustainable**
- **There are uncertainties in the development** of second- and third-tier cities

**The LVGEM era is coming:**

- Baishizhou renewal project **Land reserve is sufficient for the next ten years of development**
- **Over 90% of the land reserves are located in the Greater Bay Area, where the economy boosts most and has a high security factor**
- The renewal project located in Greater Bay Area **with high margins and high sell-through rates**





# The launch of Baishizhou project will bring explosive growth

By implementing short, mid and long-term development plans, to be “the most respected urban value creator”  
Focus on urban renewal to enhance project value and urban value combined with smart community technology, to be a leading smart city developer and operator in the Greater Bay Area

Short term——  
stability tops

(2021 – 2022)

Achieve stable growth with existing projects Ensure healthy cash flow

- Achieve stable growth with existing projects under construction and projects to be developed.

Shenzhen: Phase II of Mangrove Bay No. 1, Amazing Plaza and Liguang Project  
Zhuhai: Joyful Plaza and Dongqiao Project  
Huazhou: International Garden

- **Sufficient cash flow resources**

Listed company: enrich existing saleable resources; ample financing space in Baishizhou (both equity and debt can be considered); mezzanine financing  
Shareholder: hold financeable resources, can inject working capital for listing

Mid-term——  
surging growth

(2023 – 2030)

Baishizhou Project into sales by phases  
Active optimization of debt structure

- Baishizhou Project enters sales/cash return stage, with the dual contribution of **revenue and profit bringing a milestone increase in net assets to the Group**
- With Baishizhou entering the market, implementing the active refinancing policy and optimizing the debt structure, the "three red lines" return to normal

Long term——  
solid growth

(2031 and onwards )

Develop successful model of urban renewal in depth

- More urban renewal projects will be injected to the listed company.
- Upgrade “Two-Pronged” model and the commercial projects may contribute half of the Group’s revenue.
- Smart technology will become a new growth driver to better serve communities and urban upgrade.



# Growth in Business and Smart Service ( I )

With more urban renewal projects in Greater Bay Area to be injected to the listed company, commercial segments to be upgraded, the deep plowing value is revealed, bring long-term stable cash income to the company



**Fully push the core project with high commercial value to collect cash in very short term.**

Zhuhai	Dongqiao Project
Shenzhen	Baishizhou Project Liguang Project

**Proactively to implement the plan and push other projects into maturity.**

Zhuhai	Nanxi Project
Dongguan	Zhangyang Project

**Upgrade “Two-Pronged” model**

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 million sqm** in **8-10 years**, and the rental income will amount to **billions of yuan**, bringing more recurring cash flow and operating income.



# Growth in Business and Smart Service ( II )

With smart technologies build up a smart city, hereby to enhance service value and urbanization

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

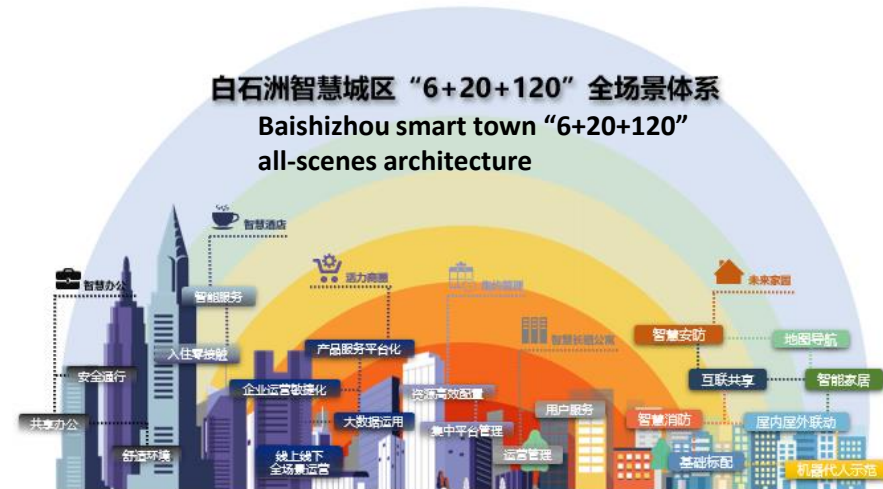


- On 23 July 2018 and 16 March 2020, LVGEM signed strategic cooperation agreements with Huawei and China Unicom, respectively, to start a new era under which the real estate and technology sectors jointly build a brand new smart city life.
- In August 2021, LVGEM renewed the strategic cooperation agreement with Huawei, adding two new cooperation frameworks: comprehensively promoting all-optical network; And jointly exploring the low carbon, zero carbon standards, with a hope to establish a green and smart new city.



## New benchmark of a smart city – Baishizhou being a role model in the industry

- In 2021, the Group gradually finished the system design of Baishizhou smart city in term of its construction goal. The system including smart “operation+management+service” , which supports the 14 special content in design drawing.
- Focused on developing the smart city management system(UOP), containing the community digital platform which has applies in 12 communities under the company. It plans to cover all communities in 2022, and it could achieve the cross-community management from business perspectives to financial perspective, which covered whole assets including customer service, office, and other add-value service.



**THANKS**

