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)

# INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

## RESULTS

The board (the "Board") of directors (the "Directors") of LVGEM (China) Real Estate Investment Company Limited (the "Company" or "LVGEM (China)") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 (the "period"), together with the comparative figures for the corresponding period in 2025 as follows:

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2026*

| | | Six months ended 30 June | |
|---|---|---|---|
| | *Notes* | **2026**<br>***RMB'000***<br>**(Unaudited)** | 2025<br>*RMB'000*<br>(Unaudited) |
| **Revenue** | *3* | **9,770,588** | 1,039,691 |
| Cost of sales | | **(8,916,992)** | (663,395) |
| **Gross profit** | | **853,596** | 376,296 |
| Other income | | **13,111** | 18,521 |
| Other losses, net | | **(94,144)** | (105,108) |
| Impairment losses recognised on properties under development and properties held for sale | | **(22,699)** | (471,228) |
| Selling expenses | | **(270,916)** | (50,113) |
| Administrative expenses | | **(223,703)** | (190,934) |
| Fair value changes on investment properties | | **(11,035)** | (1,070,050) |
| Finance costs | *4* | **(796,631)** | (682,597) |
| **Loss before tax** | *5* | **(552,421)** | (2,175,213) |
| Income tax (expense) credit | *6* | **(47,358)** | 145,428 |
| Loss for the period | | **(599,779)** | (2,029,785) |
| **Loss for the period attributable to:** | | | |
| Owners of the Company | | **(554,460)** | (1,837,931) |
| Non-controlling interests | | **(45,319)** | (191,854) |
| | | **(599,779)** | (2,029,785) |
| | | ***RMB cents***<br>**(Unaudited)** | *RMB cents*<br>(Unaudited) |
| **Loss per share attributable to owners of the Company during the period** | | | |
| – Basic *(RMB cents)* | *8* | **(8.71)** | (31.25) |
| – Diluted *(RMB cents)* | | **(8.71)** | (31.25) |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2026*

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Loss for the period** | **(599,779)** | (2,029,785) |
| **Other comprehensive income (expense)** | | |
| ***Item that may be subsequently reclassified to profit or loss:*** | | |
| Exchange differences arising on translation | **234,114** | 84,520 |
| ***Item that will not be reclassified to profit or loss:*** | | |
| Fair value changes on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax | **(60,727)** | 62,438 |
| **Other comprehensive income for the period** | **173,387** | 146,958 |
| **Total comprehensive expense for the period** | **(426,392)** | (1,882,827) |
| **Total comprehensive expense attributable to:** | | |
| Owners of the Company | **(381,074)** | (1,691,096) |
| Non-controlling interests | **(45,318)** | (191,731) |
| | **(426,392)** | (1,882,827) |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 30 June 2026*

| | Notes | **At 30 June 2026 RMB'000 (Unaudited)** | At 31 December 2025 RMB'000 (Audited) |
|---|---|---|---|
| **Non-current assets** | | | |
| Investment properties | | **33,304,866** | 33,151,799 |
| Property, plant and equipment | | **567,386** | 603,167 |
| Interest in a joint venture | | **6,049** | 6,049 |
| Amount due from a joint venture | | **501,179** | 501,179 |
| Equity instruments at FVTOCI | | **497,504** | 578,473 |
| Restricted bank deposits and pledged bank deposits | | **34,726** | 162,376 |
| Deferred tax assets | | **722,811** | 717,663 |
| | | **35,634,521** | 35,720,706 |
| **Current assets** | | | |
| Properties under development for sale | | **35,465,974** | 54,400,287 |
| Properties held for sale | | **17,098,362** | 4,279,200 |
| Other inventories | | **536** | 617 |
| Accounts receivable | 9 | **57,788** | 108,764 |
| Deposits paid, prepayments and other receivables | | **1,433,576** | 1,860,129 |
| Prepaid income taxes | | **296,068** | 274,059 |
| Restricted bank deposits and pledged bank deposits | | **450,204** | 494,202 |
| Bank balances and cash | | **143,814** | 183,195 |
| | | **54,946,322** | 61,600,453 |
| **Current liabilities** | | | |
| Accounts payable | 10 | **7,559,075** | 5,885,846 |
| Accruals, deposits received and other payables | | **10,672,199** | 10,437,117 |
| Contract liabilities | | **1,887,905** | 10,408,675 |
| Lease liabilities | | **68,294** | 64,433 |
| Tax liabilities | | **3,013,940** | 2,629,788 |
| Borrowings | | **28,442,657** | 28,757,071 |
| Domestic corporate bonds | | **976,415** | 975,953 |
| Debt component of convertible bond | | **136,218** | 140,576 |
| Other current liabilities | | **4,056,282** | 3,893,822 |
| | | **56,812,985** | 63,193,281 |
| **Net current liabilities** | | **(1,866,663)** | (1,592,828) |
| **Total assets less current liabilities** | | **33,767,858** | 34,127,878 |
| **Non-current liabilities** | | | |
| Borrowings | | **1,654,130** | 1,863,855 |
| Lease liabilities | | **217,569** | 252,716 |
| Deferred tax liabilities | | **2,827,705** | 2,824,964 |
| Other non-current liabilities | | **14,956,176** | 14,647,673 |
| | | **19,655,580** | 19,589,208 |
| **Net assets** | | **14,112,278** | 14,538,670 |
| **Capital and reserves** | | | |
| Share capital | | **53,194** | 53,194 |
| Reserves | | **9,028,083** | 9,409,157 |
| Equity attributable to owners of the Company | | **9,081,277** | 9,462,351 |
| Non-controlling interests | | **5,031,001** | 5,076,319 |
| **Total equity** | | **14,112,278** | 14,538,670 |

*NOTES:*

## 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The directors of the Company have, at the time of approving the condensed consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the condensed consolidated financial statements.

The condensed consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. Management continues to closely monitor the liquidity position of the Group, which includes the sensitivity analysis of forecast bank and cash balances for various factors (including the quantity and selling price of residential properties and commercial buildings sold) over the short and medium term to ensure adequate liquidity is maintained.

During the six months ended 30 June 2026, the Group incurred a net loss of RMB600 million. As at 30 June 2026, the Group has borrowings amounting to RMB29,555 million (including bank and other borrowings of RMB28,443 million, debt component of convertible bond of RMB136 million and domestic corporate bonds of RMB976 million) that are repayable within one year at the end of the reporting period, of which RMB27,141 million becoming immediately repayable on demand due to defaults or cross defaults triggered. At the same date, the Group has cash and cash equivalents amounted to RMB144 million.

As at 30 June 2026, the Company has successfully extended the bank loans with an aggregate amount of approximately RMB729 million. These responses have lessened the financial pressures and have improved the liquidity position of the Group. The Company has entered into several support letters with certain creditors in respect of the Company's attempt to advance the restructuring and the Company has circulated restructure term sheets to certain creditors. The Company will continue to follow up with the creditors to gather their supports on the restructuring.

In addition, a winding-up petition was filed by a lender ("A Lender") at the High Court of the Hong Kong Special Administrative Region (the "High Court") against the Company on 4 February 2025 due to default in certain notes issued by a subsidiary of the Company and certain financial obligations guaranteed in connection to the notes provided by the Company. On 1 June 2026, the High Court made an order, which further adjourning the hearing of the Petition to 5 October 2026.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, to restructure the existing borrowings and to oppose the winding-up petition with the A Lender, including:

(i) the Group is seeking the legal advice from a legal advisor in respect of the winding-up petition as to resolutely oppose the winding-up petitions in order to avoid winding-up petition being confirmed by the High Court with consequence of liquidation. The High Court has made an order on 1 June 2026, which further adjourning the hearing of the winding-up petition on 5 October 2026;

(ii) the Group has appointed a financial advisor and a legal advisor (collectively, the "Advisors") to assist it with a restructuring of its offshore bank and other borrowings, in order to reach a consensual solution with all the stakeholders (including A Lender) as soon as practicable;

(iii) the Group has been actively negotiating with existing lenders for renewal or extension for repayment of the Group's borrowings until the Group is able to secure sufficient funding to repay. As of 30 June 2026, the Company has successfully extended the bank loans with an aggregate amount of approximately RMB729 million. These responses have lessened the financial pressures and have improved the liquidity position of the Group;

(iv) the Group will continue to draw down necessary funding from the loan facilities granted and actively negotiating with several financial institutions to obtain new loans for completing/starting of existing/new property development projects, including conducting online media promotions, inviting content creators to promote the properties and on-site property visits of property agents. In addition, the Group has been identifying buyer(s) for disposal of specific properties and timely collect the relevant sales proceeds from sales of its properties. During the first half of 2026, the disposal of onshore properties has achieved an aggregated amount of approximately RMB19 million;

(v) the Group will continue to actively make efforts to achieve the latest budgeted sales and pre-sales volumes at current market price for its existing development projects, including conducting online media promotions, inviting content creators to promote the properties and on-site property visits of property agents, and to speed up the collection of the relevant sales proceeds from sales of its properties;

(vi) the Group will strive to maintain a continuing and normal business relationship with major constructors and suppliers to agree the payment arrangements with them and to complete the construction progress as scheduled. The Group will also continue to take active measures to control administrative costs and capital expenditures; and

(vii) the Group will continue to seek opportunity to dispose of its properties at reasonable prices to generate more cash inflows to improve its liquidity.

Taking into account all assumptions and plans as described above, the directors of Company are of the opinion that the Group will have sufficient working capital to maintain its operations and to pay its financial obligations as and when they fall due for at least twelve months from the end of the reporting period. The directors of the Company are satisfied that it is appropriate to prepare these condensed consolidated financial statements on a going concern basis.

Should the Group fail to achieve a combination of the above-mentioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their realisation amounts, to provide for financial liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively, if applicable. The effects of these adjustments have not been reflected in these condensed consolidated financial statements.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

## 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2025.

***Application of amendments to HKFRS Accounting Standards***

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

| | |
|---|---|
| Amendments to HKFRS 9 and HKFRS 7 | *Amendments to the Classification and Measurement of Financial Instruments* |
| Amendments to HKFRS 9 and HKFRS 7 | *Contracts Referencing Nature-dependent Electricity* |
| Annual Improvements to HKFRS Accounting Standards – Volume 11 | *Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7* |

The application of the amendments to HKFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

## 3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the period is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Sales of properties | **9,361,731** | 527,497 |
| Revenue from hotel operation, property management service and other services | **182,749** | 200,367 |
| Revenue from contracts with customers | **9,544,480** | 727,864 |
| Rental income | **226,108** | 311,827 |
| | **9,770,588** | 1,039,691 |
| **Timing of revenue recognition from contracts with customers** | | |
| At a point in time | **9,361,731** | 527,497 |
| Over time | **182,749** | 200,367 |
| | **9,544,480** | 727,864 |

In identifying its operating segments, the executive directors of the Company, being the chief operating decision makers, generally follow the Group's service lines, which represent the main products and services provided by the Group. The Group has identified the following reportable segments under HKFRS 8 *Operating Segments*:

– Real estate development and sales: sales of properties

– Commercial property investment and operations: lease of commercial properties, office premises, apartments and car parks

– Comprehensive services: hotel operation, property management service and other service income

Each of these operating segments is managed separately as each of these products and service lines requires different resources as well as marketing approaches.

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

### Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segment:

**Six months ended 30 June 2026**

| | **Real estate development and sales** *RMB'000* **(Unaudited)** | **Commercial property investment and operations** *RMB'000* **(Unaudited)** | **Comprehensive services** *RMB'000* **(Unaudited)** | **Total** *RMB'000* **(Unaudited)** |
|---|---|---|---|---|
| **Revenue:** | | | | |
| From external customers | **9,361,731** | **226,108** | **182,749** | **9,770,588** |
| Inter-segment revenue | **–** | **25,373** | **112,964** | **138,337** |
| **Total segment revenue** | **9,361,731** | **251,481** | **295,713** | **9,908,925** |
| **Reportable segment profit** | **595,687** | **208,418** | **49,491** | **853,596** |

**Six months ended 30 June 2025**

| | Real estate development and sales *RMB'000* (Unaudited) | Commercial property investment and operations *RMB'000* (Unaudited) | Comprehensive services *RMB'000* (Unaudited) | Total *RMB'000* (Unaudited) |
|---|---|---|---|---|
| **Revenue:** | | | | |
| From external customers | 527,497 | 311,827 | 200,367 | 1,039,691 |
| Inter-segment revenue | – | 12,508 | 63,754 | 76,262 |
| **Total segment revenue** | 527,497 | 324,335 | 264,121 | 1,115,953 |
| **Reportable segment profit** | 20,094 | 301,235 | 54,967 | 376,296 |

Inter-segment sales are at mutually agreed terms.

### Reconciliations of reportable segment revenue and profit or loss

The Group does not allocate recognition of change in fair value changes on investment properties, other income, other losses, net, impairment losses recognised on properties under development and properties held for sale, depreciation of property, plant and equipment, finance costs and corporate expenses to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the chief operating decision makers while the investment properties are allocated to the segment of "commercial property investment and operations" for presenting segment assets.

## 3. REVENUE AND SEGMENT INFORMATION *(Continued)*

The accounting policies adopted in preparing the reportable segment information are the same as the Group's accounting policies.

| | **Six months ended 30 June** | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Revenue** | | |
| Reportable segment revenue | **9,908,925** | 1,115,953 |
| Elimination of inter-segment revenue | **(138,337)** | (76,262) |
| Consolidated revenue | **9,770,588** | 1,039,691 |
| **Profit or loss** | | |
| Reportable segment profit | **853,596** | 376,296 |
| Fair value changes on investment properties | **(11,035)** | (1,070,050) |
| Other income | **13,111** | 18,521 |
| Other losses, net | **(94,144)** | (105,108) |
| Impairment losses recognised on properties under development and properties held for sale | **(22,699)** | (471,228) |
| Depreciation of property, plant and equipment | **(36,954)** | (30,136) |
| Finance costs | **(796,631)** | (682,597) |
| Corporate expenses | **(457,665)** | (210,911) |
| Consolidated loss before tax | **(552,421)** | (2,175,213) |

**Segment assets**

The following is an analysis of the Group's assets by reportable and operating segment, no liabilities are presented as the information is not reportable to the chief operating decision makers in the resource allocation and assessment of performance:

| | **At 30 June** | At 31 December |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Real estate development and sales | **53,667,731** | 61,262,800 |
| Commercial property investment and operations | **34,473,892** | 33,937,201 |
| Comprehensive services | **193,987** | 199,258 |
| Reportable segment assets | **88,335,610** | 95,399,259 |
| Equity instruments at FVTOCI | **497,504** | 578,473 |
| Bank balances and cash | **35,837** | 51,897 |
| Restricted bank deposits and pledged bank deposits | **39,804** | 40,006 |
| Deferred tax assets | **722,811** | 717,663 |
| Interest in a joint venture and amount due from a joint venture | **507,228** | 507,228 |
| Deposits paid, prepayments and other receivables | **1,402** | 1,461 |
| Amounts due from related parties | **3,223** | 7,618 |
| Amounts due from non-controlling interests | **10,006** | 10,006 |
| Corporate assets | **427,418** | 7,548 |
| Consolidated total assets | **90,580,843** | 97,321,159 |

For the purposes of segment performance and allocating resources between segments, all assets are allocated to operating segments other than equity instruments at FVTOCI, certain bank balances and cash, certain restricted bank deposits and pledged bank deposits, deferred tax assets, interest in a joint venture and amount due from a joint venture, certain deposits paid, prepayments and other receivables, amounts due from related parties, amounts due from non-controlling interests and corporate assets.

## 4. FINANCE COSTS

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Interest on: | | |
| Bank and other borrowings | **1,083,299** | 1,177,775 |
| Convertible bond | **5,528** | 10,170 |
| Domestic corporate bonds | **42,155** | 42,117 |
| Lease liabilities | **24,266** | 16,272 |
| Contract liabilities | **–** | 304,914 |
| Less: Amount capitalised in investment properties under development and properties under development for sale (note) | **(358,617)** | (563,737) |
| Interest of contract liabilities capitalised | **–** | (304,914) |
| | **796,631** | 682,597 |

*Note:* The finance costs have been capitalised at rates ranging from 3.2% to 18.75% (six months ended 30 June 2025: 4.85% to 6.62%) per annum.

## 5. LOSS BEFORE TAX

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Loss before tax is arrived at after charging (crediting): | | |
| Cost of properties held for sale recognised as expense | **8,766,044** | 507,403 |
| Depreciation of property, plant and equipment | **36,961** | 30,136 |
| Less: Amount capitalised in investment properties under development and properties under development for sale | **(7)** | – |
| | **36,954** | 30,136 |
| Gross rental income from investment properties | **(226,108)** | (311,827) |
| Direct operating expenses incurred in respect of investment properties that generated rental income during the period | **17,689** | 10,592 |
| | **(208,419)** | (301,235) |
| Expense relating to short-term leases | **1,867** | – |

## 6. INCOME TAX EXPENSE (CREDIT)

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| Current tax | | |
| – PRC Enterprise Income Tax ("EIT") | **8,527** | 1,293 |
| – Mainland China Land Appreciation Tax ("LAT") | **21,683** | 26,625 |
| Deferred taxation | **17,148** | (173,346) |
| Total | **47,358** | (145,428) |

## 7. DIVIDENDS

No dividends were paid, declared or proposed during the interim period. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

## 8. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Unaudited) |
| **Loss** | | |
| Loss for the purpose of basic and diluted loss per share | **(554,460)** | (1,837,931) |

| | Six months ended 30 June | |
|---|---|---|
| | **2026** | 2025 |
| | ***'000*** | *'000* |
| | **(Unaudited)** | (Unaudited) |
| **Number of shares** | | |
| Weighted average number of ordinary shares of the Company for the purpose of basic and diluted loss per share | **6,363,766** | 5,882,214 |

The computation of diluted loss per share for the six months ended 30 June 2026 does not assume the conversion of outstanding convertible preference shares (six months ended 30 June 2025: convertible bond and convertible preferences shares) of the Group as the conversion would result in a decrease in loss per share. Moreover, the computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for ordinary shares of the Company during the six months ended 30 June 2026 and 2025.

## 9. ACCOUNTS RECEIVABLE

| | **At 30 June 2026** | At 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Accounts receivable from: | | |
| – Contracts with customers | **45,914** | 69,290 |
| – Lease receivables | **12,358** | 40,107 |
| Accounts receivable | **58,272** | 109,397 |
| Less: Allowance for credit losses | **(484)** | (633) |
| | **57,788** | 108,764 |

Accounts receivable represent receivables arising from sales of properties, rental income from leasing properties and comprehensive services (including hotel operation and property management).

The aging analysis of the Group's accounts receivable, based on invoice dates for rental income from leasing properties and comprehensive services and the terms of relevant sales and purchases agreements for sales of properties, net of allowance of credit losses, is as follows:

| | **At 30 June 2026** | At 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Within 1 month | **20,022** | 61,355 |
| 1 to 12 months | **34,674** | 43,363 |
| 13 to 24 months | **3,092** | 4,046 |
| | **57,788** | 108,764 |

## 10. ACCOUNTS PAYABLE

Based on invoice dates, the aging analysis of the Group's accounts payable is as follows:

| | **At 30 June 2026** | At 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Within 1 month | **3,258,713** | 2,877,159 |
| 1 to 12 months | **2,587,677** | 1,602,189 |
| 13 to 24 months | **1,498,076** | 1,221,281 |
| Over 24 months | **214,609** | 185,217 |
| | **7,559,075** | 5,885,846 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Review

2026 marks the inaugural year of the 15th Five-Year Plan and is a pivotal year for developing new productive forces tailored to local conditions and advancing high-quality development towards innovation and excellence. Looking back at the first half of the year, the external environment was marked by intertwined changes and turmoils, with the once-in-a-century transformation accelerating, the spillover effects of geopolitical conflicts persisting, and global challenges emerging one after another. Domestically, new and old issues intertwined and compounded, the transition from old to new growth drivers was in a critical phase, and the growing pains of structural adjustment coexisted with insufficient effective demand. Faced with complex and severe conditions at home and abroad, China has adhered to the general principle of seeking progress while maintaining stability in its economy. Focusing on the theme of high-quality development, it coordinated efforts to expand domestic demand and optimise supply, to deeply integrate technological innovation with industrial innovation, to foster new growth drivers while transforming traditional ones; and to balance development with security while preventing and defusing risks in key areas. Economic performance has continued to show an overall stable trend towards innovation and excellence, maintaining unchanged in the fundamentals characterised by strong resilience, great potential, and abundant vitality. Data from the National Bureau of Statistics showed that GDP in the first half of the year amounted to RMB69,570.4 billion, up 4.7% year-on-year, marking the largest increase for the same period in the past five years. China continued to contribute certainty to the global economy through its own "stability".

As a pillar industry of the national economy, the real estate sector remained in a critical window period during the first half of 2026, characterised by both deep adjustment and transformation of business model. With the core objectives of resolving debt risks among real estate developers, encouraging reasonable housing consumption, and improving the dual-track housing system, real estate policies have established a framework focused on stimulating demand, managing risks, revitalising existing stock, and fostering new business models. They have formed a multidimensional policy landscape that balances "risk control, market stabilisation, demand stimulation, and long-term planning", while ensuring the organic integration of short-, medium-, and long-term goals in a coherent and coordinated manner.

On the demand side, in the first half of 2026, real estate policies focused on implementing measures to stabilise the real estate sector and expand domestic demand, with a core orientation towards meeting the essential housing needs of new urban residents and young people, as well as residents' needs for upgrading and replacing their homes. Through multiple measures including adjusting eligibility thresholds for commercial mortgages and provident fund loans, optimising the tax system for second-hand housing transactions, lifting restrictions on resale and purchases, and providing subsidies for urban renewal and home purchases, these policies comprehensively unleashed the market's latent housing consumption demand. At the national level, measures such as lowering the uniform down payment ratio nationwide, maintaining mortgage interest rates at historically low levels, extending the tax refund policy for residents replacing their homes, and lifting restrictions on home purchases have established a comprehensive system of relief policies covering the entire chain of home purchasing and home replacing. These measures granted local governments greater autonomy in policy adjustment, facilitated the mechanisms favouring both the new and second-hand housing market flow, and promoted the stabilisation at trough and recovery of the real estate market.

On the supply side, policies centered on "controlling new supply, managing existing stock, and optimising structure". Through measures such as dynamic regulation of land supply, the acquisition of existing commodity housing by state-owned assets, and the normalisation of a whitelist system for the financing of real estate developers, these policies aim to align the real estate supply system with demand structure, address shortcomings in the supply of affordable housing, and guide housing products to cater to the differentiated needs of first-time buyers and those seeking to upgrade their homes and established a new, multi-tiered housing supply framework where commodity housing and affordable housing coexist, thereby helping the market achieve structural stabilisation and a virtuous cycle. The 2026 Report on the Work of the Government explicitly called for implementing city-specific policies to reduce inventory, acquiring existing commodity housing for use as affordable housing, and deepening reforms of the provident fund system. The logic behind real estate market regulation has undergone a key adjustment, shifting from the traditional approach of relying solely on new residential development to implementing a long-term mechanism for the government to acquire and develop existing housing stock. Provident fund reform was elevated to the national coordination level, simultaneously linking the reduction of commodity housing inventory with the expansion of affordable housing. This approach balanced market stability with safeguarding people's livelihoods, setting the overarching direction for the easing policies across various regions throughout the year. A meeting of the Central Political Bureau held in April of the same year explicitly called for efforts to stabilise the real estate market and steadily advance urban renewal. The implementation of relevant policies has effectively boosted sentiment of the real estate market.

In addition, many provinces across the country successively introduced practical policies such as housing voucher resettlement, acquiring and storing of existing commodity housing by state-owned enterprises, and subsidies for trade-in housing purchases, implementing the directives of "Two Sessions" on revitalising existing housing stock and using existing housing units to replace newly built resettlement housing so as to absorb unsold inventory. Housing vouchers simplified relocation and resettlement procedures, while subsidies for housing purchases eased the financial burden on residents looking to upgrade their homes. These measures not only alleviated pressures of inventory and cash flow on real estate developers but also simultaneously addressed the dual objectives of ensuring livelihood and welfare of relocated residents and reducing real estate inventory.

Thanks to the implementation and effectiveness of a comprehensive package of stabilisation policies for the real estate market including credit support, tax and fee reductions, the acquisition of existing housing stock, and the white list for ensuring property delivery, the real estate market has been showing stronger signs of bottoming out and stabilising. With slowing rate of decline and consolidating foundation for halting the downturn and achieving stability, the industry has been in a transitional period smoothly shifting towards a new development model following deep adjustment. According to the National Bureau of Statistics, from January to June 2026, the national investment in real estate development amounted to RMB3.8074 trillion, representing a year-on-year decrease of 18.0%; of which RMB2.9300 trillion was invested in residential housing with a year-on-year decrease of 17.8%. The sales area of newly built commodity housing amounted to 401.40 million square meters, down 11.6% (residential housing: down 12.4%); sales amounted to RMB3.7945 trillion, down 13.6% (residential housing sales: down 13.7%). The rate of decline narrowed as compared to the first quarter, showing that the stabilising effect of the policy measures gradually became apparent and the rebalancing of supply and demand progressed steadily. As of the end of June, the inventory of commodity housing for sale stood at 763.15 million square meters, down 0.9%; of which, 561.67 million square meters had been unsold for less than three years, down 3.5%, indicating substantial progress in inventory reduction. In the second half of the year, as local governments implemented city-specific policies to optimise purchase restrictions, down payment requirements, and interest rates, and advanced both affordable housing and urban renewal in tandem, the market is expected to gradually recover. However, it will take time to rebuild residents' willingness to purchase housing and restore industry confidence. The foundation for long-term, stable, and healthy development will continue to be consolidated through the coordinated efforts of controlling new supply, reducing inventory, optimising supply, and building "good homes".

Urban renewal is a core development and livelihood project aimed at promoting high-quality urban development and enhancing people's well-being. In the first half of 2026, the country introduced several overarching policies to drive the in-depth implementation of urban renewal. In April, the Ministry of Finance and the Ministry of Housing and Urban-Rural Development issued a joint document to select up to 15 urban renewal model cities annually through a competitive selection process, providing differentiated fiscal subsidies with maximum per-city limits of RMB800 million, RMB1 billion, and RMB1.2 billion for the eastern, central, and western regions, respectively. Special funds will focus on the renovation of contiguous areas, the construction of complete communities, and infrastructure upgrades, while improving long-term mechanisms for sustainable investment and financing as well as land use guarantees to address shortcomings in the supporting facilities of old urban areas. In May, the State Council issued the "15th Five-Year Plan" for urban renewal, outlining a phased implementation path. The plan prioritises the renovation of aging communities, urban villages, and dilapidated housing; coordinates infrastructure upgrades, the preservation and revitalisation of historical and cultural heritage, and the revitalisation of existing land parcels; strictly controls large-scale demolition and construction as well as haphazard renovations; and improves supporting policies for land and funding to build livable, resilient, and smart cities. It is foreseeable that urban renewal will become a core task for local governments across the country. As urban renewal projects continue to be implemented across the country, they will fully leverage effective investment, stimulate consumer spending, and unlock the potential of domestic demand. At the same time, they will open up new growth avenues for the real estate sector's transformation and reshape the sector's long-term development landscape.

Located at the strategic hub along China's southern coast, the Guangdong-Hong Kong-Macao Greater Bay Area (the "GBA") brings together the resources and strengths of nine cities in Guangdong, as well as those of Hong Kong and Macao. With a high level of openness, a comprehensive industrial system, and ample development momentum, the GBA represents a major strategic initiative for the nation's high-level opening-up and shoulders the crucial tasks of deepening reform, promoting regional coordination, and engaging in global competition and cooperation. In the first half of 2026, the development of the GBA progressed steadily, with institutional barriers to the flow of production factor continued to be removed. Construction of the Guangzhou-Shenzhen-Hong Kong Science and Technology Innovation Corridor accelerated, pooling more innovation resources at a higher speed. In the meantime, the 3D transportation system in the area continued to improve and the "one-hour living circle" and "one-hour economic circle" gradually took shape with milestone achievements seen. Policies to improve people's livelihoods kept expanding and cultural integration within the GBA deepened. In the next stage, the GBA will leverage the benefits of its institutional and system advantages to promote alignment of regulations, materialise in-depth collaboration across multiple fields, and strive to build a world-class bay area with global competitiveness. Moreover, the GBA will further leverage the benefits of its institutional and system advantages to transform differences among systems into comparative advantages for development, break through development bottlenecks, and push forward the alignment and integration of cross-regional regulations. Consequently, in-depth collaboration and integration across industrial, technological, and social sectors will be driven, striving to foster a world-class bay area that is livable, business-friendly, and tourist-friendly with global core competitiveness will be built.

We pledge to remain devoted to our core business to forge sustainable success. Founded in 1984, LVGEM (China) always keeps abreast of market trends and has long become deeply rooted in the vibrant GBA, where it grows and thrive along with the area's development. The Group commenced its businesses with construction projects and, having weathered multiple industry cycles and market challenges, has evolved and gradually upgraded to a large and comprehensive enterprise group. With its proven practical experience in urban renewal projects, the Group is recognised within the industry as an expert in urban renewal. Leveraging our two-wheel-driven business model of "residential and commercial" and combining our solid and robust capabilities in urban renewal throughout the entire chain of operation, we have meticulously built numerous landmark urban projects that embody both quality and long-term value, spearheading the quality development of the urban renewal industry in the GBA.

In the first half of 2026, the real estate industry ushered in a development landscape with stabilising policy support and gradual recovery from the trough. However, deep structural adjustments of the industry continued to advance and industry divergence became increasingly pronounced. Leveraging the development opportunities arising from a package of national policies to stabilise the property market and vigorously advance urban renewal, the Group aligned its operating strategies with these trends and iterated its product system. At the same time, the Group strengthened its refined end-to-end project operations, accelerated capital turnover and enhanced asset utilisation efficiency through adopting diversified measures, and reinforced its financial safety baseline, thereby demonstrating the robust capabilities in comprehensive operations as well as long-term resilience against industry cycle fluctuations. During the period, the construction of the Shenzhen Baishizhou Urban Renewal Project, which is also known as "Grand Urban Renewal Project" progressed steadily, with Phase I, LVGEM Baishizhou Jingting duly delivered and occupied in February. The project integrates cutting edge technological empowerment with people-centered considerations and applied exceptional craftsmanship to create high-quality living environments, establishing a new benchmark in the urban renewal sector, thereby further consolidating the Group's competitive advantages in the core area of the GBA.

Guided by its long-term development blueprint, the Group remained firmly committed to its core mission of "continuously enhancing the urban value". With Shenzhen as its core hub, its focused deeply on the urban renewal sector in the GBA. Through urban renewal, the Group promoted industrial upgrading and optimised living spaces, concentrating resources on advancing the development and operation of its core projects to comprehensively improve residential quality of city areas. On this basis, the Group continuously strengthened the core competitiveness of its products, upgraded its full-process operating system and reinforced its financial safety baseline, establishing a solid support for high quality and sustainable development. Leveraging digital technologies across the entire business chain from property development to community operations, the Group shaped new urban areas which integrated smart technological innovation with high-quality living environments, aspiring to become a recognised co-creator of urban value in the GBA as well as a benchmark enterprise in the urban renewal sector.

**Results**

For the six months ended 30 June 2026, the Group achieved a total revenue of approximately RMB9,770.6 million (six months ended 30 June 2025: RMB1,039.7 million), representing an increase of approximately 840% year-on-year. Gross profit was approximately RMB853.6 million (six months ended 30 June 2025: RMB376.3 million), representing an increase of approximately 127% year-on-year. Gross profit margin for the six months ended 30 June 2026 was approximately 9% (six months ended 30 June 2025: 36%).

During the reporting period, the Group recorded a loss of approximately RMB599.8 million (six months ended 30 June 2025: RMB2,029.8 million), with the loss narrowed by approximately 70% year-on-year. Loss attributable to owners of the Company was approximately RMB554.5 million (six months ended 30 June 2025: RMB1,837.9 million), representing a substantial decrease of approximately 70% year-on-year. Basic loss per share of the Company was approximately RMB8.71 cents (six months ended 30 June 2025: RMB31.25 cents), representing a reduction in loss of approximately 72%, year-on-year.

The Group's key financial indicators for the six months ended 30 June 2026 were as follows:

| | **2026**<br>***RMB million***<br>**(Unaudited)** | 2025<br>*RMB million*<br>(Unaudited) | Change |
|---|---|---|---|
| Revenue | **9,770.6** | 1,039.7 | +840% |
| Gross profit | **853.6** | 376.3 | +127% |
| Loss attributable to owners of the Company | **(554.5)** | (1,837.9) | -70% |
| Basic loss per share *(RMB cents)* | **(8.71)** | (31.25) | -72% |
| Gross profit margin *(%)* | **9** | 36 | -27 percentage points |

| | **As at**<br>**30 June 2026**<br>**(Unaudited)** | As at<br>31 December 2025<br>(Audited) |
|---|---|---|
| Bank balances and cash (including restricted bank deposits and pledged bank deposits) *(RMB million)* | **628.7** | 839.8 |
| Average finance costs *(%)** | **7.2** | 8.0 |
| Liabilities to assets ratio *(%)* | **84.4** | 85.1 |
| Rate of equity return *(%)* | **(6.1)** | (93.0) |

* Average finance costs are derived by dividing the total finance costs for the period (including domestic corporate bonds and debt component of convertible bond but excluding finance costs derived from lease liabilities and contract liabilities) by average total borrowings which is calculated by adding up of average balances of total borrowings (including domestic corporate bonds and debt component of convertible bond but excluding lease liabilities) for the period.

The Board does not recommend the payment of any dividend for the six months ended 30 June 2026.

**Business Review**

In the first half of 2026, China's real estate market continued its bottoming-out and adjustment with the "policy package" continuing to play a greater and more effective role. Under the deepening promotion of the city-specific policies to control new property supply, curb inventories and optimise supply, coupled with the intensified efforts in guaranteed delivery of properties and accelerated debt restructuring of distressed real estate enterprises, industry risks were eliminated in an orderly manner. According to the statistics of the National Bureau of Statistics of China, the sales area of newly built commodity housing throughout China from January to June 2026 amounted to 401.40 million square meters with a sales amount of RMB3.7945 trillion, down by 11.6% and 13.6% year-on-year, respectively, reflecting a narrower decline as compared to that of the first quarter. The investment in property development amounted to RMB3.8074 trillion, down by 18.0%. The total transaction volume of both first- and second-hand properties in core cities recovered marginally with stabilising housing prices on a month-over-month basis. However, the market remained in a transition period as a whole where the foundation for halting the price drop and stabilising was yet to be consolidated, and it would still take time for elimination of existing risks and the consumers' willingness to purchase homes and industrial confidence to recover, while the transition to the new development model for stable and healthy development was still in the incubation phase.

During the period of industry adjustment and bottoming-out of the industry, the Group stayed true to its original aspiration and adhered to its long-term commitments to continuously iterate its resources allocation and product development strategies, thereby adapting to the trend of industry transformation with agile and flexible market responsiveness. On the one hand, the Group strengthened the management system for the full lifecycle of projects and advanced refined cost controls. On the other hand, it dynamically adjusted its sales pace in response to market trends, focusing its resources to propel the market launch and sales of core projects. Consistent efforts have been devoted to improve destocking efficiency of products and accelerate the recovery of capital, with a view to reinforcing a solid safety buffer for its cash flows, thus laying a solid foundation for sustainable operations. During the period, the Shenzhen Baishizhou Urban Renewal Project realised its value steadily and continued to maintain high popularity in the market. Sales of the Zhuhai Dongqiao Project (LVGEM Royal Bay in Zhuhai) and Zone G2-1 of LVGEM International Garden in Huazhou (Phase III of the Central Mansion) progressed steadily, signifying wide recognition from the market continuously for the potential value of the Group's high-quality reserves and resources.

The Shenzhen Baishizhou Urban Renewal Project (the "Baishizhou Project") is one of the largest and most iconic urban renewal projects in Shenzhen as well as in China. It is accredited as the "Grand Urban Renewal Project" in Shenzhen and also a benchmark for urban renewal in the GBA. During the period, Phase I of the project (LVGEM Baishizhou Jingting) has completed the relevant government acceptance procedures and was officially delivered in February, marking the project's entry into the sales and operation phase. Meanwhile, construction of Phase II of the project progressed steadily and a landmark mega-city set to lead the GBA is gradually taking shape.

With the delivery of Phase I of the Baishizhou Project (LVGEM Baishizhou Jingting), revenue has been recognised and carried forward, which is expected to further boost market confidence in the project, poising it for another wave of sales and destocking. As one of the Group's core key projects, this project will continue to generate operating income. Upon completion of the development, construction and the fulfilment of relevant obligations at the project-level, it will contribute to the Group's results performance and strengthen the Group's overall asset and profit base, thereby supporting the Group's steady development in the long run.

In terms of commercial property investment and operations, the Group focused on full-value asset life-cycle management to continuously enhance the operational efficiency of projects based on its two major commercial property brands, "NEO" Office Buildings and "Zoll" Shopping Malls. By flexibly optimising the business formats in line with regional market characteristics, it focused on scenario innovations and consumer experience upgrades, generating sustained and stable rental income and revenue from quality assets. This approach served as the Group's cornerstone for weathering industry fluctuations and navigating market cycles. During the period, the overall occupancy rates of the Group's commercial projects remained stable and the fair value of the properties exhibited adequate resilience, continuing to provide strong support for its cash flow.

In respect of comprehensive services segment, the Group firmly focused on the core of the customer needs to develop an all-round service platform integrating property management, hotel operation and diverse value-added services for customers and tenants of residential and commercial properties. With the business synergy-driven development model, it continued to explore new growth drivers, and unlock potential value through refined services, thereby continuously enhancing the overall competitive strengths through synergies among the industry.

In terms of financial management, the Group adhered to the "cash is king" operating principle and focused on multi-pronged measures of precision cash flow management: continuously accelerating the collection of sales proceeds and enhancing fund use efficiency to secure efficient return of operating capital. At the same time, the Group adhered to its strategy for asset optimisation, promoting the disposals of non-core assets to continuously optimise the asset structures. This enabled a boost to cash flow, further consolidating the overall financial foundation and improving the operational stability of the Group. In addition, limited by the external financing conditions in the industry, the Group prioritised the maintenance and restructuring of existing financing facilities, and actively advanced the restructuring of principal amounts of existing debts and curbing interest rates thereon, striving to optimise the related terms of the subsisting debts and improving the overall cost of debts. At the same time, the Group continued to engage and negotiate with various creditors, advancing debt restructuring in an orderly manner. As for offshore debt restructuring, the efforts have made substantial progress. The Group ensured the orderly and steady daily operations through a series of measures, effectively safeguarding the legitimate rights and interests of investors, creditors, home buyers, returning relocated tenants, employees, and various stakeholders.

Notably, the fair value of investment properties has reversed its previously temporary downward trend and has not incurred any further significant impairment. The commercial properties held by the Group are concentrated in prime locations within the core cities in the GBA, offering exceptional geographical scarcity value and a foundation for definite long-term growth. With the ongoing recovery of the real estate sector and the steady turnaround of the commercial consumption market, these assets possess sufficient momentum for value recovery with promising room for future revaluation.

In respect of land reserves, as of 30 June 2026, the Group had an aggregate land reserve of approximately 6.3 million square meters, of which more than 80% was located in prime locations of the core cities in the GBA such as Shenzhen, Hong Kong and Zhuhai. These land parcels form a solid foundation of land reserves for the long-term development of the Group. With their outstanding potential value, they will strongly support the Group in its upcoming product development and realisation of asset value, thereby contributing to its stable and sound growth.

Leveraging its strong product strength, extraordinary brand influence and efficient and stable operational capabilities, the Group continued to garner wide recognition from the market, investors and across the industry. In the first half of 2026, the Group was honored with the "Sustainable Development Award" of GuruClub Greater China Best Listed Company Awards at the 4th GuruClub held by Gelonghui (格隆匯), reflecting the recognition that the Group won from the capital markets throughout industry cycles. Looking ahead, always pursuing its core mission of "continuously enhancing urban value", the Group will continue to advance the rejuvenation of core urban assets in terms of their value, expand its business presence, enhance asset portfolio and quality, and consolidate its long-term core competitive edge. At the same time, the Group will actively seize strategic development opportunities in the GBA and contribute the momentum of LVGEM to the high-quality development of the GBA.

**Real estate development and sales**

Real estate development and sales constitute the core business operations of the Group. The projects were primarily located in core areas of core cities within the GBA. For the six months ended 30 June 2026, the real estate development and sales of the Group generated revenue of approximately RMB9,361.7 million (six months ended 30 June 2025: RMB527.5 million), representing a year-on-year increase of approximately 1,675%, which was mainly attributable to the project sales from the Phase I of the Baishizhou Project "LVGEM Baishizhou Jingting" and LVGEM International Garden. In the first half of 2026, the Group's contracted sales based on the commodity housing purchase agreements amounted to approximately RMB1,463.7 million (six months ended 30 June 2025: RMB1,057.6 million), representing a year-on-year increase of approximately 38%, which was mainly attributable to the project contributions from the Phase I of the Baishizhou Project "LVGEM Baishizhou Jingting" and LVGEM International Garden. Among these, the Baishizhou Project, as a benchmark for urban renewal in the GBA, has consistently attracted significant market attention by leveraging the value of scarce land parcel in the core sub-district and integrating world-class international planning concepts, a comprehensive range of ancillary facilities, and solutions of smart community development. Additionally, it serves as a key pillar driving the Group's growth in sales performance.

**Commercial property investment and operations**

In the commercial property investment and operations sector, during the first half of 2026, the Group adhered to its dual-brand synergistic development strategy of "NEO" and "Zoll", continued to deepen its presence in high-quality commercial sectors in core cities, and focused on the iterative upgrading of the value of core assets while enhancing operational efficiency through refined management. Based on consumption trends and market demand, the Company continues to build a diversified commercial ecosystem that integrates quality consumption, experiential scenarios, and neighborhood social interaction. This approach effectively ensures steady operating cash flow and rental income stream, and establishes a core operating barrier to cyclical fluctuations of the industry, laying a solid foundation for the steady and sustainable development of the Group. As of 30 June 2026, the revenue generated from the commercial property investment and operations amounted to approximately RMB226.1 million (six months ended 30 June 2025: RMB311.8 million), representing a year-on-year decrease of approximately 27%. During the period, the Group's commercial segment saw a temporary decline in rental income due to the combined impact of market conditions and the optimisation and adjustment of the tenant structure at its certain investment properties. By focusing on enhancing asset operational efficiency and risk resilience at the same time, the Group will continue to strengthen the operational management of its investment properties, aiming to achieve more resilient performance in medium-to-long term revenue.

**Comprehensive services**

The Group provides comprehensive services to customers and tenants of its residential and commercial properties, including property management services, hotel operations and others. In the first half of 2026, the Group adhered to its development philosophy of "Quality as the Foundation, Service as the Core," continuously upgrading the professional and intelligent capabilities of property management and hotel operations while fostering a comprehensive service ecosystem characterised by multidimensional integration and synergistic empowerment. Located in central business district of Futian, Shenzhen, the LVGEM Hotel achieved stable operations through its prime location in the core business district and its refined operational management, maintaining an average occupancy rate of over 70%. The Group's property management service companies continued to deepen the development of their standardised service systems and optimise its intelligent operational management models, covering the businesses of providing diverse services such as security services, property repair and maintenance, and the operation and management of ancillary facilities. As of 30 June 2026, the Group's comprehensive services operation generated revenue of approximately RMB182.7 million (six months ended 30 June 2025: RMB200.4 million), representing a year-on-year decrease of approximately 9%. During the period, revenue from comprehensive services experienced slightly phrased fluctuations due to the combined impact of market conditions and the optimisation and adjustment of the tenant structure at its certain investment properties. It is believed that once the optimisation is completed, the service quality and operational efficiency of the segment will be further enhanced.

**Future Prospect**

In the first half of 2026, the macro environment remained under pressure and the regulatory policies of housing market continued to be refined. The domestic residential market was broadly lingering at the trough, with a pronounced divergence in the pace of recovery across regions and projects. Local governments advanced city specific policies, releasing the stabilising effects on the housing market through a combination of measures including credit adjustments, relaxation of home purchase restrictions, urban renewal initiatives, and the acquisition and revitalisation of existing commodity housing inventories. The industry has moved beyond the previous cycle of broad based-rises and declines, entering a new stage of structural recovery. Against the backdrop of the commencement of the "15th Five Year Plan", the market is expected to broadly remain focused on bottoming out and recovery phase in the second half of the year, with further intensifying differentiation. Subsequent policies will focus on five key directions: stabilising expectations, mitigating risks, stimulating reasonable housing demands, revitalising existing assets, and developing high quality residential properties. Residential property transactions are anticipated to undergo structural recovery, and the property prices will remain broadly stable within a narrow range, with core cities and improvement projects leading the recovery. The ability to ensure delivery commitments, strengthen product competitiveness, and enhance long term operational capabilities for existing properties will form the core competitive barriers of real estate enterprises.

The real estate industry is shifting from incremental development to inventory-based operations, with urban renewal serving as a key driver for high-quality urban development as well as the core support for industry transformation. In 2026, as the national policy framework for urban renewal was improved, the industry entered a stage of regulated and refined development. The current urban renewal practices have moved beyond the traditional demolition-and-reconstruction model, coordinating multiple tasks including industrial cultivation, ecological governance, cultural preservation, and community facilities. Local governments have introduced dedicated task checklists and explored differentiated renewal pathways, guiding real estate enterprises, financial sectors, and social capital to participate jointly. Enterprises with strong capabilities in sub-district development and resource integration are positioned to benefit substantially.

As a national-level strategic city cluster, the GBA leverages multiple advantages in institutional frameworks, industrial environment, geographical positioning, and inventories, establishing itself as a model hub for urban renewal nationwide. Urban renewal continues to facilitate effective investment, drive industrial upgrading, and improve living conditions, achieving efficient revitalisation of inventories. Supported by existing assets, upgraded housing demands, and improved policy environment, the urban renewal potential of the GBA continues to be released, serving as a core driver for building a world-class city cluster.

As a pioneer and leading participant in the urban renewal sector of the GBA, the Group has accumulated over four decades of practical experience in urban renewal. Leveraging the 'Large City Model' and its ample resources in the GBA, the Group secures its solid position as a core participant in the urban renewal landscape of the GBA. Looking ahead, the Group will continue to unlock its unique competitive advantages of an 'urban renewal expert' and seize the strategic opportunities for urban renewal in the GBA. With Shenzhen as its strategic hub, the Group will extend its reach to key cities in the GBA such as Hong Kong and Zhuhai, and will be deeply engaged in a new round of space restructuring and value regeneration across the GBA. Meanwhile, the Group will further advance its "Technology + Real Estate" development pathway, integrating smart, green, low carbon and people-centered development principles throughout the full process of project construction and long term operations. Anchored by our flagship benchmark "Baishizhou Urban Renewal Project" as a demonstration example, the Group will build a model integrating smart city areas, green communities, and premium and inclusive living experience, precisely addressing both the evolving urban functions and the enhancement of residents' living standards. The Group is committed to becoming a core empowerment platform for reshaping urban renewal value in the GBA.

Currently, the Group faces temporary financial pressure which is primarily attributable to the capital-intensive and long-cycle nature of urban renewal business, compounded by the adjustment and bottoming-out process of the real estate sector, as well as tightening market liquidity; this does not reflect any substantive deterioration in the Group's core operational capabilities or the quality of its underlying assets. To overcome the short-term operational challenges, the Group has established a multi-dimensional risk management framework with its solid asset base as support. As for debt-related matters, the Group, together with its financial advisor and legal team, maintains close and candid communication and negotiation with all creditors. While focusing its efforts on adjusting the principal amount and reducing the interests of its existing debts domestically, the Group will also push ahead with its offshore debt restructuring in full force and actively facilitate the implementation of its restructuring plan. In the second half of 2026, the Group will optimise its operational strategy, maintain a steady pace of development and focus on its three major tasks and their orderly implementation: (1) to refine operations to improve quality and efficiency, centralise resources for development of key projects, and integrate supply chain resources to ensure high-quality and on-time delivery of projects so as to consolidate our reputation and credit standing in the market; (2) to focus on existing asset operations, unlock the value of its self-held commercial properties, create a stable cash flow system so as to promote the two-pronged driver of "development + asset operation"; and (3) to seize the golden opportunities presented by the prevailing policies by leveraging its experience in urban renewal and the "Large City Model" to further expand its presence in the GBA market. In particular, it will further integrate real estate with technology, promote a green and low-carbon, intelligent and livable lifestyle concept, and enhance development and operational efficiencies to align with the market trends of urban iterations in the area and upgrade of living spaces. Our objectives are to release more resources to the construction and high-quality delivery of core projects, and day-to-day operation and management in a bid to fuel the Group's sustainable development, effectively fulfill its social responsibilities, and protect the legitimate interest of all stakeholders, including property owners, creditors, investors and employees.

For more than four decades, the Group has remained focused on its businesses in the GBA and has accumulated profound experience in the industry with a portfolio of quality assets in prime locations of the key cities. The Group has also attained mature and all-round capabilities in urban renewal operations. The vast opportunities available in the GBA's urban renewal sector provide a solid foundation for its long-term development. The Group believes that its asset value and growth potential will be continuously unleashed along with the gradual recovery of confidence in the real estate market, ongoing benefits from favorable policies and the accelerating GBA's integration and urban renewal. The Group will adhere to its strategic positioning, implement pragmatic operational initiatives and continue to optimise its products and services. The Group will also take proactive measures to weather the short-term challenges and promote its robust sustainable development to strive for solid operating performance to reward the employees, returning property owners, shareholders and all sectors of the society for their trust and support.

**Financial Review**

***Revenue***

The Group's revenue mainly comprised of revenue from sales of property held for sale, leasing of investment properties and comprehensive services. The Group's revenue for the six months ended 30 June 2026 was approximately RMB9,770.6 million (six months ended 30 June 2025: RMB1,039.7 million), representing an increase of approximately 840% as compared to the corresponding period last year, which was mainly attributable to the increase in revenue from sales of properties held for sale.

| | **Six months ended 30 June** | | | |
|---|---|---|---|---|
| | **2026** | 2025 | Increase/ (decrease) | |
| | ***RMB'000*** | *RMB'000* | *RMB'000* | % |
| | **(Unaudited)** | (Unaudited) | | |
| Real estate development and sales | **9,361,731** | 527,497 | 8,834,234 | +1,675% |
| Commercial property investment and operations | **226,108** | 311,827 | (85,719) | -27% |
| Comprehensive services | **182,749** | 200,367 | (17,618) | -9% |
| Total | **9,770,588** | 1,039,691 | 8,730,897 | +840% |

For the six months ended 30 June 2026, the revenue from sales of properties held for sale was approximately RMB9,361.7 million (six months ended 30 June 2025: RMB527.5 million), representing an increase of approximately 1,675% as compared to the corresponding period last year. During the current review period, the sales of properties was mainly from the sales of LVGEM Baishizhou Jingting and LVGEM International Garden. The Group's total gross floor area of properties held for sale recognised during the six months ended 30 June 2026 was approximately 176,000 square meters (six months ended 30 June 2025: approximately 18,600 square meters).

Revenue from leasing of investment properties for the six months ended 30 June 2026 was approximately RMB226.1 million (six months ended 30 June 2025: RMB311.8 million). The Group's commercial properties are all located in core areas. The decrease was mainly due to the combined impact of market conditions and the optimisation and adjustment of the tenant structure. The properties are mainly operated under the brands of "Zoll" and "NEO". The occupancy rate of investment properties for the six months ended 30 June 2026 remained at a high level of over 70% (six months ended 30 June 2025: 70%).

The Group provides comprehensive services to customers and tenants of its residential and commercial properties. These comprehensive services include property management services, hotel operations, renovations and others. During the six months ended 30 June 2026, revenue of comprehensive services was approximately RMB182.7 million (six months ended 30 June 2025: RMB200.4 million), representing a decrease of approximately 9% as compared to the corresponding period last year.

***Gross Profit and Gross Profit Margin***

For the six months ended 30 June 2026, the Group's integrated gross profit was approximately RMB853.6 million (six months ended 30 June 2025: RMB376.3 million), representing an increase of approximately 127% as compared to corresponding period last year, and the integrated gross profit margin for the six months ended 30 June 2026 was approximately 9% (six months ended 30 June 2025: 36%). The fluctuation of gross profit margin was mainly caused by the revenue recognised under different project portfolio.

***Selling Expenses***

For the six months ended 30 June 2026, selling expenses of the Group amounted to approximately RMB270.9 million (six months ended 30 June 2025: RMB50.1 million), representing an increase of approximately 441% as compared to the corresponding period last year. The increase was mainly due to increase of revenue from sales of properties held for sale during the current review period.

***Administrative Expenses***

For the six months ended 30 June 2026, administrative expenses of the Group amounted to approximately RMB223.7 million (six months ended 30 June 2025: RMB190.9 million), representing an increase of approximately 17% as compared to the corresponding period last year.

***Fair Value Changes on Investment Properties***

The valuation on the Group's investment properties as at 30 June 2026 was conducted by the directors of the Company which resulted in negative fair value changes on investment properties of approximately RMB11.0 million for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB1,070.1 million).

***Finance Costs***

For the six months ended 30 June 2026, finance costs of the Group amounted to approximately RMB796.6 million (six months ended 30 June 2025: RMB682.6 million), representing an increase of approximately 17% as compared to the corresponding period last year.

The Group's average finance costs of interest-bearing loans was approximately 7.2% for the six months ended 30 June 2026 (six months ended 30 June 2025: 7.9%).

***Income Tax (Expense) Credit***

For the six months ended 30 June 2026, income tax expenses of the Group amounted to approximately RMB47.4 million (six months ended 30 June 2025: income tax credit of RMB145.4 million). The Group's income tax (expense) credit mainly included payments and provisions made for EIT and LAT and the deferred tax provided for the change in fair value of investment properties during the period under review.

***Operating Results***

For the six months ended 30 June 2026, the loss attributable to owners of the Company was approximately RMB554.5 million (six months ended 30 June 2025: RMB1,837.9 million), representing a decrease of approximately 70% as compared to the corresponding period last year.

***Liquidity, Financial Resources and Gearing***

Bank balances and cash as at 30 June 2026 amounted to approximately RMB628.7 million (including restricted bank deposits and pledged bank deposits) (31 December 2025: RMB839.8 million). The Group's bank balances and cash are denominated in RMB, Hong Kong Dollar ("HK$") and United States Dollar ("US$").

The Group had total borrowings of approximately RMB31,209.4 million as at 30 June 2026 (31 December 2025: RMB31,737.5 million). Borrowings classified as current liabilities were approximately RMB29,555.3 million as at 30 June 2026 (31 December 2025: RMB29,873.6 million).

***Breakdown of total borrowings***

*By currency denomination*

| | **At 30 June 2026** | At 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Denominated in RMB | **21,825,499** | 21,879,496 |
| Denominated in HK$ | **5,928,770** | 6,161,527 |
| Denominated in US$ | **3,455,151** | 3,696,432 |
| | **31,209,420** | 31,737,455 |

*By fixed or variable interest rates*

| | **At 30 June 2026** | At 31 December 2025 |
|---|---|---|
| | ***RMB'000*** | *RMB'000* |
| | **(Unaudited)** | (Audited) |
| Fixed interest rates | **5,967,941** | 6,124,069 |
| Variable interest rates | **25,241,479** | 25,613,386 |
| | **31,209,420** | 31,737,455 |

The Group's gearing ratio as at 30 June 2026 was 216.70% (31 December 2025: 212.5%), which was based on net debt (total interest-bearing loans net of bank balances and cash (including restricted bank deposits and pledged bank deposits)) over total equity.

***Current, Total and Net Assets***

As at 30 June 2026, the Group had current assets of approximately RMB54,946.3 million (31 December 2025: RMB61,600.5 million) and current liabilities of approximately RMB56,813.0 million (31 December 2025: RMB63,193.3 million), which represented an increase in net current liabilities from approximately RMB1,592.8 million as at 31 December 2025 to approximately RMB1,866.7 million as at 30 June 2026. Such increase was mainly due to the decrease of properties under development for sale, deposits paid, prepayments and other receivables and increase in accounts payable, accruals, deposits received and other payables, tax liabilities and other current liabilities, which was partially offset by the increase in properties held for sale and decrease in contract liabilities.

As at 30 June 2026, the Group recorded total assets of approximately RMB90,580.8 million (31 December 2025: RMB97,321.2 million) and total liabilities of approximately RMB76,468.6 million (31 December 2025: RMB82,782.5 million), representing a liabilities to assets ratio of 84.4% (31 December 2025: 85.1%). Net assets of the Group were approximately RMB14,112.3 million as at 30 June 2026 (31 December 2025: RMB14,538.7 million).

For the six months ended 30 June 2026, the Group was able to utilise its internal resources and debt and equity financing to meet the funding requirements for the development of real estate projects.

### *Charge on Assets*

For the six months ended 30 June 2026, borrowings of approximately RMB28,718.6 million (31 December 2025: RMB29,200.7 million) were secured by properties under development for sale, properties held for sale, investment properties, property, plant and equipment, equity instruments at FVTOCI and pledged bank deposits of the Group respectively in the total amount of approximately RMB20,080.8 million (31 December 2025: RMB20,131.3 million) and the equity interests of subsidiaries of the Group.

### *Material Acquisition and Disposal*

During the six months ended 30 June 2026, the Group did not enter into any material acquisition or disposal of subsidiaries, associates or joint ventures.

### *Contingent Liabilities*

As at 30 June 2026, the Group had financial guarantee contracts relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB7,427.3 million (31 December 2025: RMB5,389.7 million).

Pursuant to the terms of the guarantees, if there is default on the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks.

The Group's guarantee period commences from the dates of grant of the relevant mortgage loans and ends upon the earlier of the buyer obtaining the individual property ownership certificate or the full settlement of mortgage loan by the buyer.

The Directors consider that it is not probable for the Group to sustain a loss under these mortgage guarantees as during the periods under guarantees, the Group can take over the ownerships of the related properties and sell the properties under default to recover any amounts paid by the Group to the banks. The Group has not recognised these guarantees as their fair value at initial recognition is considered to be insignificant by the Directors. The Directors also consider that the fair market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group in the event that the purchasers default payments to the banks for their mortgage loans.

### *Exposure to Fluctuations in Exchange Rates and Related Hedges*

Almost all of the Group's operating activities are carried out in the Mainland China with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of HK$ and US$ against RMB as a result of certain cash balances and loans in HK$ or US$.

The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting appropriate foreign currency hedging policy in the future.

### *Treasury Policies and Capital Structure*

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

### *Employees*

As at 30 June 2026, the Group had a staff roster of 1,994 (30 June 2025: 2,067), of which 1,975 (30 June 2025: 2,035) employees were based in the mainland China and 19 (30 June 2025: 32) employees were based in Hong Kong. The remuneration of employees was in line with the market trends and commensurate to the levels of remuneration in the industry. Remuneration of the Group's employees includes basic salaries, bonuses, retirement scheme and long-term incentives such as share options within an approved scheme. In addition, training and development programmes are provided to the Group's employees on an on-going basis throughout the Group.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality board, transparency and accountability to all shareholders of the Company.

With effect from 31 March 2024, Ms. HUANG Jingshu serves as both the Chairman and the Chief Executive Officer of the Company, such practice deviates from the code provision C.2.1 of the Corporate Governance Code (the "CG Code") as set forth in Appendix C1 of the Listing Rules, which requires that the roles of chairman and the chief executive officer should be separate and should not be performed by the same individual. However, the Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company.

The Board believes that vesting the roles of both the Chairman and the chief executive officer of the Company in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of four executive Directors and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and the Shareholders.

Save as disclosed above, throughout the six months ended 30 June 2026, the Group complied with all the code provisions of the CG Code as set out in Appendix C1 of the Listing Rules.

## COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' securities transactions. The Directors confirmed that they have complied with the required standard as set out in the Model Code for the six months ended 30 June 2026.

## REVIEW OF INTERIM FINANCIAL INFORMATION

The interim results of the Group for the six months ended 30 June 2026 have also been reviewed by the members of the audit committee of the Board before submission to the Board for approval. The audit committee of the Board was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures have been made.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)) during the six months ended 30 June 2026. As at 30 June 2026, the Company did not hold any treasury shares (as defined under the Listing Rules).

## EVENTS AFTER THE REPORTING PERIOD

Results of Consent Solicitation in respect of six series of guaranteed commercial paper notes due 2025

Subsequent to 30 June 2026, the Company announced on 14 July 2026 the results of the consent solicitation for certain amendments to the terms and conditions in respect of six series of Guaranteed Commercial Paper Notes due 2025 issued by Gemstones International Limited (碧玺国际有限公司, also known as 綠璽國際有限公司*) (the "Notes"). The extraordinary resolution was duly passed for all six series of Notes, with the requisite consent obtained and the consent conditions (as described in the Consent Solicitation Notice dated 16 June 2026) satisfied.

Specifically, the extraordinary resolution in respect of the relevant 4 series of the Notes was approved via Electronic/Non-Electronic Consent with approval rates ranging from 95.97% to 100.00% of the outstanding principal amount. Additionally, a meeting of Noteholders was convened on 14 July 2026, where the extraordinary resolution in respect of the relevant 2 series of the Notes was unanimously approved by Noteholders present, representing not less than 75% of the aggregate principal amount of the respective series of the Notes then outstanding.

The Consent Effective Date is expected to occur as soon as reasonably practicable upon the satisfaction or waiver of relevant conditions as set out in the Consent Solicitation Notice, after which the Company will arrange for the delivery of New Consolidated Notes, the issuance of relevant Shares, and the payment of the Consent Fee.

The Company will make a further announcement to notify Noteholders and shareholders of the Consent Effective Date as and when appropriate.

The consent solicitation forms part of the Company's broader efforts to restructure its offshore liabilities and to create a more sustainable capital structure and stabilise the Company's operations.

Please refer to the announcements of the Company dated 16 June 2026 and 14 July 2026 for further details.

* 碧玺国际有限公司 is the corporate name of Gemstones International Limited and 綠璽國際有限公司 is an approved name of Gemstones International Limited for carrying on business in Hong Kong

Save as disclosed above and the matters disclosed under the "Management Discussion and Analysis" section of this announcement, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2026 and up to the date of this announcement.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

The contents of results announcement are published on the websites of the Company (www.lvgem-china.com) and the Stock Exchange (www.hkex.com.hk). The 2026 Interim Report will be dispatched to the shareholders in due course.

## GENERAL INFORMATION

As at the date of this announcement, the Board comprises Ms. HUANG Jingshu (Chairman and Chief Executive Officer), Mr. YE Xingan, Mr. HUANG Hao Yuan and Ms. LI Yufei as executive directors; and Mr. CHAN Koon Fat, Ms. JIAO Jie and Ms. WONG Ting Dan as independent non-executive directors.

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

Hong Kong, 28 August 2026