



# Nam Tai Q3 2021 Earnings Presentation



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November 4, 2021

# Forward Looking Statements

Certain statements included in this presentation, other than statements of historical fact, are forward-looking statements. Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “might”, “can”, “could”, “will”, “would”, “anticipate”, “believe”, “continue”, “estimate”, “expect”, “forecast”, “intend”, “plan”, “seek”, or “timetable”. These forward-looking statements, which are subject to risks, uncertainties, and assumptions, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business and the industry in which we operate. These statements are only predictions based on our current expectations about future events. There are several factors, many beyond our control, which could cause results to differ materially from our expectation. These risk factors are described in our Annual Report on Form 20-F and in our Current Reports filed on Form 6-K from time to time and are incorporated herein by reference. Any of these factors could, by itself, or together with one or more other factors, adversely affect our business, results of operations or financial condition. There may also be other factors currently unknown to us, or have not been described by us, that could cause our results to differ from our expectations. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. You should not rely upon forward-looking statements as predictions of future events. These forward-looking statements apply only as of the date of this presentation; as such, they should not be unduly relied upon as circumstances change. Except as required by law, we are not obligated, and we undertake no obligation, to release publicly any revisions to these forward-looking statements that might reflect events or circumstance occurring after the date of this presentation or those that might reflect the occurrence of unanticipated events.

An architectural rendering of a modern urban development. The scene features several tall, multi-story residential or commercial buildings with glass and concrete facades. In the foreground, there is a waterfront promenade with a paved walkway, green landscaping, and a body of water that reflects the buildings. A large, modern building with a glass facade is prominent on the right side of the foreground. The sky is clear and blue.

# MAJOR ACHIEVEMENTS



# Summary


PRC government continued to roll out restrictive measures to curb speculation in the domestic property market in the reporting period. The real estate sector is experiencing an extremely challenging financing and operating environment, and there have been a number of high profile defaults reported in the media.

Loans to the real estate sector decreased 8.4% year-on-year for the first nine months of 2021. The Company is also facing similar difficulties, including a slowdown in demand, declines in housing and office price and liquidity crunch.

Amid the challenging operating environment, in the third quarter of 2021, we recorded progress both financially and operationally, including the following:

- ▶ increased revenue by \$4.7 million year-on-year to reach \$5.8 million;
- ▶ obtained the pre-sale permit for Nam Tai Longxi and attracted customers to purchase a total of 78 units;

# Summary of Progress

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- ▶ increased the occupancy rate of Nam Tai Inno Park by 10 percentage points quarter-on-quarter to 69%;
  - ▶ the construction of Nam Tai Technology Center is underway and we completed the masonry work on all the four towers;
  - ▶ a loan facility of \$164 million was secured from Bank of Guangzhou, and
  - ▶ amounts due to the Bank of Beijing and the Industrial Bank were repaid in full.

*With the success in securing new financing from Bank of Guangzhou Co., Ltd., the Company is confident it will restore the normal operations of the Company and its subsidiaries gradually. The board of directors and management will make every endeavor to act for the best interest of the Company and all shareholders.*

# Q3 2021 Financial Results



**Revenue** was \$5.8 million in the third quarter of 2021, an increase of \$4.7 million year-on-year.

**Net loss from operations** was \$3.3 million in the third quarter of 2021, reduced from net loss from operations of \$5.8 million in the third quarter of 2020.

**Consolidated net loss** was \$4.3 million in the third quarter of 2021, reduced from consolidated net loss from operations of \$4.9 million in the third quarter of 2020.

**Real estate properties under development, net** was \$317.9 million as of September 30, 2021, an increase of \$5.7 million from the end of 2020.

**Real estate properties held for lease, net** was \$151.7 million as of September 30, 2021, an increase of \$59.5 million from the end of 2020.

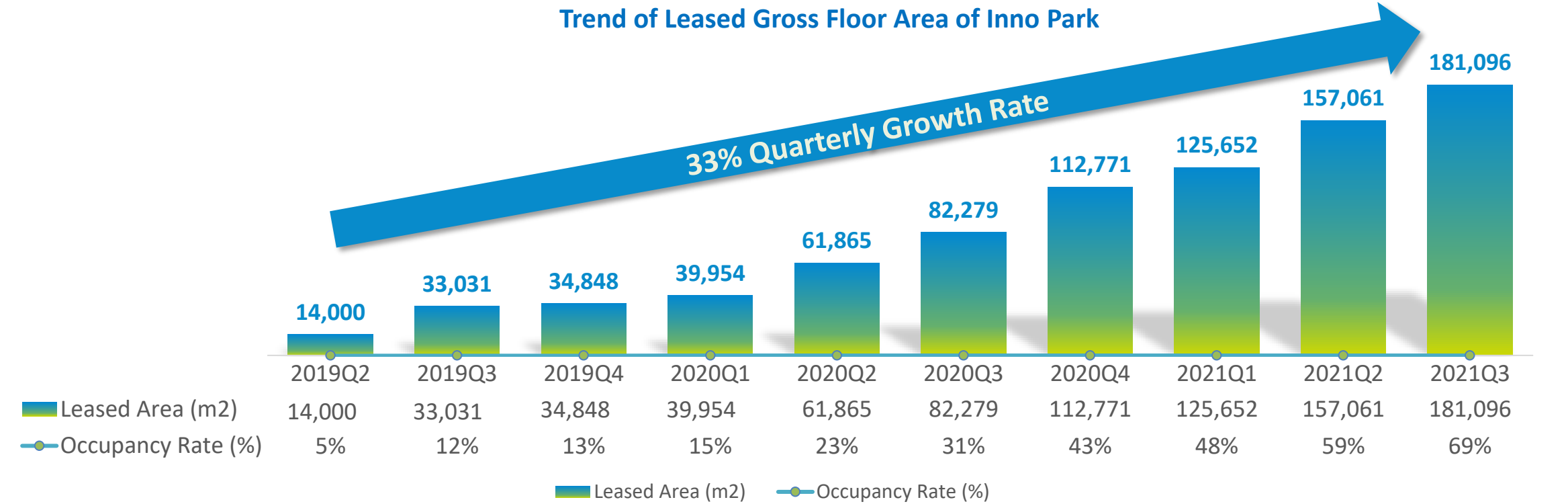
# Occupancy Rate of Our Portfolio Increased to 72%

- As of September 30, 2021, we had leasable area of approximately 365,000 square meters, of which around 85% was located in Shenzhen and 15% was located in Wuxi and Shanghai.
- Total occupancy rate** of available units in our projects increased **from 68% in Q2 2021 to 72% in Q3 2021**.
- Occupancy rate of Shenzhen projects increased from 63% in Q2 2021 to 67% in Q3 2021.

Projects	Leasable Area as of September 30, 2021	Leased Area as of September 30, 2021	Occupancy Rate
<b>Shenzhen</b>	<b>310,193</b>	<b>207,665</b>	<b>67%</b>
Nam Tai Inno Park	264,337	181,096	69%
Nam Tai Inno Valley	38,270	19,814	52%
Nam Tai • Tang Xi Technology Park	7,586	6,755	89%
<b>Wuxi &amp; Shanghai</b>	<b>54,809</b>	<b>54,315</b>	<b>99%</b>
Wuxi facilities	50,828	50,828	100%
Nam Tai • U-Creative Space (Lujiazui)	3,981	3,487	88%
<b>Total</b>	<b>365,002</b>	<b>261,980</b>	<b>72%</b>

# Strong Leasing Performance of Nam Tai Inno Park

- Occupancy rate of Inno Park increased from 59% in Q2 2021 to 69% in Q3 2021 with 181,096 m<sup>2</sup> of quality industrial spaces being leased to technology enterprise tenants and other customers.





# Pre-sale Permit of Nam Tai • Longxi Was Obtained and the Pre-sale Was Commenced

- The Company obtained the pre-sale permits for Towers 1, 2 and 6 of Nam Tai • Longxi on July 30, 2021 and commenced the pre-sale of the first batch of 260 residential units which are equivalent to 27,899 square meters in gross floor area on August 4, 2021.
- As of September 30, we received earnest money from purchasers for a total of **78 units**, or approximately **9,144 square meters** in gross floor area.



On-site picture of the pre-sale activity in August 2021.

# Liquidity Improvements

*We Secured a Loan Facility of \$164 million*

- According to our announcement dated September 14, 2021, Nam Tai Investment (Shenzhen) Co., Ltd. (“Nam Tai Investment”), our wholly owned indirect subsidiary, has entered into a loan agreement with the Shenzhen Branch of Bank of Guangzhou Co., Ltd. for a loan facility of up to RMB1.06 billion (approximately US\$164 million) with a five- year term.
- As of September 30, 2021, Nam Tai Investment has drawn down an amount of approximately RMB575 million (approximately US\$88.6 million) under the Loan Facility.
- We repaid the amount due to the Shenzhen Branch of Bank of Beijing Co., Ltd and Shenzhen Branch of Industrial Bank Co., Ltd. in full in September 2021.

An architectural rendering of a modern urban development. In the background, several tall, multi-story residential or commercial buildings with balconies are visible against a clear blue sky. In the foreground, a low-rise building with a large glass facade and a flat roof is situated along a waterfront. The building has a modern, industrial aesthetic. A paved promenade with trees and landscaping runs along the water's edge. The water in the foreground is calm, reflecting the buildings and the sky. A dark blue horizontal band with white text is superimposed over the middle of the image.

# OPERATIONAL OVERVIEW



# Construction and Development

For Nam Tai Technology Center, the masonry work for Towers A, B, C and D has been completed. Currently, we are conducting interior decoration for Towers A, B, C and working on plastering for Tower D.

## Nam Tai Technology Center



Tower A



Tower C

For Nam Tai • Longxi, the main structures of Towers 1, 2 and 6 was capped and masonry work is under way while the main structures of Towers 3, 4 and 5 are under construction.

## Nam Tai • Longxi



Tower 1



Tower 6



# Nam Tai Inno Park



Note: Recent picture of the project taken in October 2021



# Nam Tai Technology Center



Note: Recent picture of the project taken in September 2021



# Nam Tai • Longxi



Note: Recent picture of the project taken in September 2021



# Industrial Operation Progress

In Q3 2021, we continued executing our supply chain initiative and provided our corporate tenants with several industry events, covering talent recruitment, technology facilitation, financing and policy consulting, aiming to support the growth of our corporate tenants and the technology community.



## Talent Recruitment

We arranged a campaign themed “Month for Talent Service” in September 2021, including a number of relevant activities to support our corporate tenants with talent recruitment and retaining employees.



## Technology Facilitation

We established the "QATIC Lean Production Empowerment Center" and built the "Biological Product Research and Development Platform", partnering with businesses to provide fundamental research and technical services for tenants.



# Industrial Operation Progress



## Recognition from Local Government

- Our unique industrial service strategy and exceptional performance have been highly recognized by the local officials.
- During the third quarter of 2021, the Deputy Secretary of Guangming District Committee, members of the Guangming District Standing Committee, and other local officials visited Nam Tai Inno Park and the branch of Guangming District Administration Service Center, praising our industrial services and corporate tenant initiatives.





# Technology Park Received an International Design Award



## Gold Winner in Lighting Design of MUSE Design Awards

- In September 2021, Nam Tai Inno Park was awarded Gold Winner in lighting design of MUSE Design Awards, an award system created by the International Awards Association with a mission to honor, promote and encourage creativity.
- This award represents a strong endorsement of the Company's commitment to high-quality design and acknowledges the efforts Nam Tai has made on this important project.



The awarding institution commented on the nighttime view of Inno Park, that “**Combined with the overall architectural features, referring to many landmarks as the design intention, fully considering the commercial, office and residential night lighting design needs, precise control of color temperature, once again to achieve the state of light but not light.**”

Source: MUSE Award Website



The image is a wide architectural rendering of a modern urban development. In the background, several tall, multi-story residential or commercial buildings with balconies and glass facades rise against a clear blue sky. In the foreground, a low-rise building with a large glass facade and a flat roof is visible. To the left of this building, there are more modern structures with wooden or metal cladding. A wide, paved promenade runs along a body of water in the foreground, with people walking and cycling. The water reflects the buildings and the sky. A dark blue horizontal band with the text "FINANCIAL PERFORMANCE" in white capital letters is superimposed over the middle of the image.

# FINANCIAL PERFORMANCE

# Financial Highlights

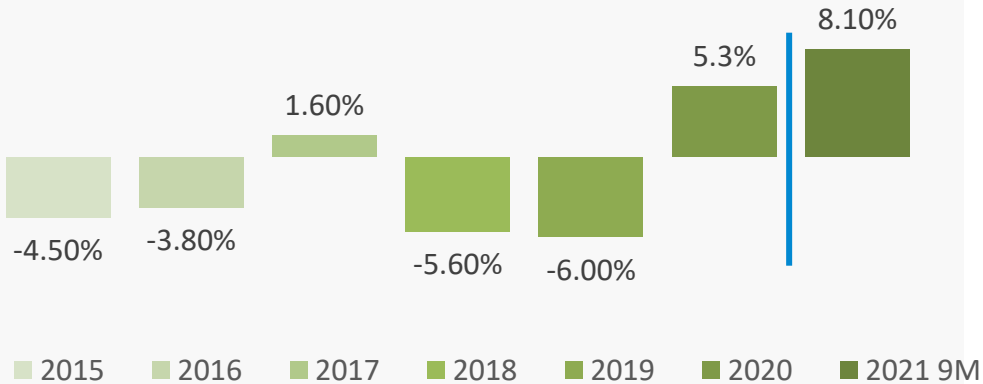
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## Steady Growth

### Revenue<sup>(1)</sup> (USD'000)



### Return on Equity<sup>(1)</sup>



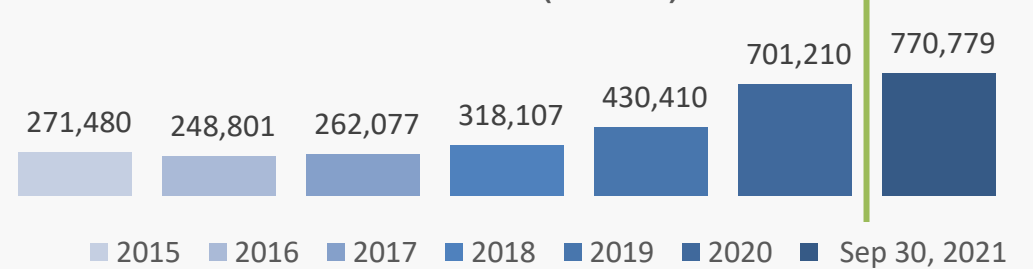
Notes:

1) For the year ended December 31, except for 2021 as indicated.

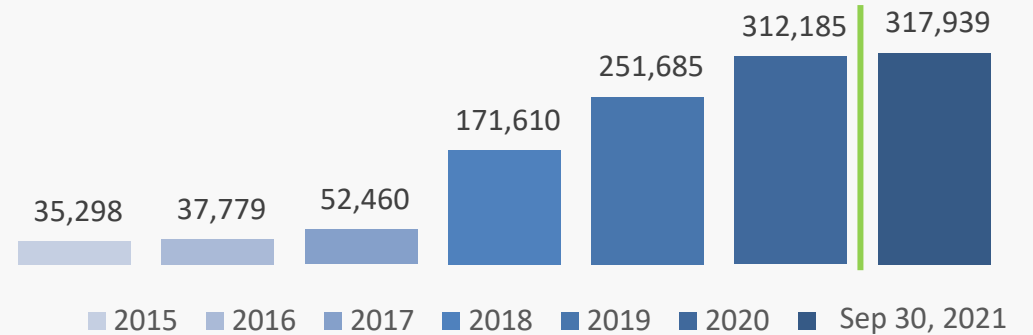
2) As of December 31, except for 2021 as indicated.

## Continuous Investment in Project Development

### Total Assets<sup>(2)</sup> (USD'000)



### Real estate properties under development, net<sup>(2)</sup> (USD'000)



# Income Statement (Selected Financial Data)

(In Thousands of US dollars except share and per share data)

*In thousands of US dollars, except per share data, percentages and as otherwise stated)*

	Quarterly Results			Nine Months Results		
	Q3 2021	Q3 2020	YoY(%) <sup>(a)</sup>	9M 2021	9M 2020	YoY(%) <sup>(a)</sup>
Revenue	\$ 5,791	\$ 1,067	442.7%	\$ 84,385	\$ 2,609	3,134.4%
Gross profit	\$ 2,141	\$ 241	788.4%	\$ 52,580	\$ 483	10,786.1%
Net (loss) income from operations	\$ (3,274)	\$ (5,775)		\$ 32,660	\$ (13,986)	
<i>% of revenue</i>	<i>(56.5)%</i>	<i>(541.2)%</i>		<i>38.7%</i>	<i>(536.1)%</i>	
<i>per share (diluted)</i>	<i>\$ (0.08)</i>	<i>\$ (0.15)</i>		<i>\$ 0.83</i>	<i>\$ (0.36)</i>	
Consolidated net (loss) income	\$ (4,311)	\$ (4,850)		\$ 21,028	\$ (11,810)	
<i>% of revenue</i>	<i>(74.4)%</i>	<i>(454.5)%</i>		<i>24.9%</i>	<i>(452.7)%</i>	
Basic (loss) income per share	\$ (0.11)	\$ (0.12)	(8.3)%	\$ 0.54	\$ (0.30)	—
Diluted (loss) income per share	\$ (0.11)	\$ (0.12)	(8.3)%	\$ 0.54	\$ (0.30)	—
Weighted average number of shares ('000)						
<i>Basic</i>	39,258	39,072		39,227	38,950	
<i>Diluted</i>	39,258	39,072		39,288	38,950	

Notes:

a) Percentage change is not applicable if either of the two periods contains a loss or no amount.

# Balance Sheet (Selected Financial Data)

(In Thousands of US dollars)

	Financial Position		
	As of September 30, 2021	As of December 31, 2020	As of September 30, 2020
Cash and cash equivalents <sup>(a)</sup>	\$ 70,378	\$ 60,980	\$ 72,075
Short-term investments <sup>(b)</sup>	\$ 51,374	\$ 150,150	\$ —
Restricted cash	\$ 114,892	\$ 2,065	\$ 1,975
Real estate properties under development, net	\$ 317,939	\$ 312,185	\$ 385,227
Real estate properties held for sales type lease	\$ 7,434	\$ 31,558	\$ —
Real estate properties held for lease, net	\$ 151,705	\$ 92,207	\$ 30,375
Property, plant and equipment, net	\$ 25,788	\$ 26,568	\$ 25,779
Total assets	\$ 770,779	\$ 701,210	\$ 536,561
Amount due to a shareholder	\$ 146,869	\$ 146,869	\$ —
Current portion of long term bank loans	\$ 109,539	\$ 122,883	\$ 6,639
Accounts payable	\$ 70,672	\$ 61,559	\$ 52,573
Advance from customers	\$ 5,564	\$ 69,722	\$ 122,012
Contract liabilities	\$ 14,173	\$ —	\$ —
Long term bank loans	\$ 88,636	\$ —	\$ 126,565
Total shareholders' equity	\$ 271,535	\$ 248,828	\$ 211,761
Total number of common shares issued	39,258	39,198	39,198

Notes:

a. Cash and cash equivalents include all cash balances and certificates of deposit having a maturity date of three months or less when purchased.

b. Short term investments included investments with original maturities of three months and less than 12 months, and investments that were expected to be realized in cash in the next 12 months. As of September 30, 2021, the Company had short term investments of principal amount of \$51.4 million, which were from the proceeds of a private placement completed on October 5, 2020 (the "Private Placement"), investing into a supply chain finance fund managed by Credit Suisse (the "Fund") with underlying notes insured by insurance companies with a credit rating of at least A by Standard & Poor's or A2 by Moody's, which was terminated with effect as of March 4, 2021 due to some of the Fund's assets being subject to considerable valuation uncertainty and reduced availability of insurance coverage for new investments, and was subsequently in liquidation. We were notified by Credit Suisse that the liquidation proceeds were to be repaid by instalments.





# APPENDIX





# BVI Court Appeal

On October 4, 2021, the Eastern Caribbean Court of Appeal in the British Virgin Islands (the “Court of Appeal”) handed down a judgment (the “Appeal Judgment”) dismissing the Company’s appeal against the BVI Commercial Court’s finding that, among other things, the Private Placement was void. The Court of Appeal upheld the Company’s appeal against the finding of the BVI Commercial Court that the Company’s directors acted in breach of section 120(1) of the BVI Business Companies Act 2004. Further, the Court of Appeal ordered the Company to hold a special meeting of shareholders regarding the removal and appointment of directors on November 30, 2021 (the “Proposed Special Meeting”).

A consequential hearing regarding the Appeal Judgment was held on October 6, 2021 at which the Court of Appeal stayed its order directing the holding of the Proposed Special Meeting on condition that the Company file any application which it determined to make by October 18, 2021 for: (i) conditional leave to appeal to the Judicial Committee of the Privy Council of the United Kingdom (the “Privy Council”); (ii) a stay of execution to stay the Proposed Special Meeting pending the judgment on the Company’s appeal to the Privy Council; and (iii) a variation of the order of the Court of Appeal dated October 4, 2021 (the “Three Applications”). Accordingly, the Company filed the Three Applications to the Court of Appeal on October 18, 2021 as directed. Further, on October 22, 2021, IsZo Capital LP filed application to the Court of Appeal for conditional leave to cross appeal to the Privy Council (“IsZo’s Application”). The hearing by the Court of Appeal for the Three Applications and IsZo’s Application is scheduled for November 8, 2021.

# Supply Chain Fund Managed by Credit Suisse

We have placed \$150 million out of the proceeds from the Private Placement to the Fund with the objective of seeking a stable and enhanced return through an insured cash management solution. In January 2021, we received a redemption amount of \$15 million (the “Redemption”) from the Fund. The Fund was terminated with effect as of March 4, 2021 due to some of the Fund’s assets being subject to considerable valuation uncertainty and reduced availability of insurance coverage for new investments, and was subsequently in liquidation. The Company has been notified by Credit Suisse that the liquidation proceeds will be repaid by instalments.

As of September 30, 2021, we received five instalments in aggregate of \$84.0 million (the “Repaid Sum”) from the Fund in addition to the Redemption. The Company is restricted from dealing with the Repaid Sum as it belongs to the proceeds from the Private Placement.

The Company will continue to negotiate with Credit Suisse and are committed to act in our best. The Company will take all necessary steps to recover the rest of the principal invested where appropriate and as advised by the Company’s external counsel. However, there is no assurance that the Company can fully recover the Company’s principal from the Fund.


Remarks: See “Financial Results – Restricted Cash” in the earnings press release published on 4 November 2021 for more information.

# Lawsuits Filed by the Company's Suppliers

As at the date of this announcement, relevant subsidiaries received a total of nine writs of summons from our suppliers in the PRC seeking orders from the relevant PRC courts to settle the alleged outstanding construction fees/payments amounting to an aggregate of approximately RMB92.5 million, in which the respective PRC courts have issued rulings to freeze the bank accounts of the relevant subsidiaries of the Company amounting to approximately RMB21.4 million in relation to three of the aforementioned writs of summons. We are negotiating with the relevant suppliers, and seeking legal advice from external counsel to prepare for the upcoming hearings.

Due to our continuous effort, two of the suppliers withdrew their respective lawsuits against the Company after negotiations, involving an amount of approximately RMB14.8 million, and we have reached a settlement with one of our suppliers.


# Real Estate Market Update



China's property sector was cooling down in terms of sales and investment in the third quarter of 2021. The nationwide transacted gross floor area and the sales in September 2021 recorded a drop of 13.0% and 15.8% year-on-year, respectively. With respect to the real estate development expenditure, it grew by 8.8% for the first nine months of 2021 year-on-year, which was the lowest this year.



The performance of office and residential markets vary. The absorption of office space in gross floor area in Shenzhen increased by 86.5% quarter-on-quarter to approximately 307,000 square meter, which drove down the vacancy rate by 2.6 percentage points to 23.9%, according to a research institution's report.



With respect to Dongguan's residential market, there was a decline in supply with stiffened selling prices in the third quarter of 2021. The transacted gross floor area for new residential units in Dongguan City decreased by 53.8% to approximately 1.09 million square meter while the average selling price increased by 12.3% to approximately RMB27,600 per square meter.

# Real Estate Policy Update

- From the policy perspective, in order to promote the healthy development of the housing market, the PRC government has been rolling out restrictive measures with the objective to curb the rapid price increase in housing and speculation activities.
- In the first half of 2021, PRC government implemented two policies in relation to real estate financing, among others, to regulate the financing activities of real estate developers, which are the “**Three Red Lines**” **policy** (liability to asset ratio (excluding advance receipt) being less than 70%, net gearing ratio being less than 100% and cash to short-term debt ratio being more than 1 multiple) and the “**Two Red Lines**” **concentration policy** for financial institutions, respectively. Under these policies, the domestic real estate loans for the first nine months of 2021 dropped by 8.4% year-on-year to RMB1.877 trillion.



# Real Estate Policy Update

In Dongguan's housing market, local government has also promulgated restrictive measures to curb the rapid rise in housing price.

On August 2, 2021, Dongguan Housing and Urban-Rural Development Bureau issued ***the Notice on Further Regulating and Controlling the Real Estate Market*** to regulate the real estate market in terms of tightening residential unit buyer's restrictions, monitoring capital inflow to the property market, strengthening real estate tax supervision and regulation, establishing a second-hand housing transaction guidance price system, and strengthening commodity housing sales supervision.

Further, in September 2021, Dongguan Natural Resources Bureau issued ***the Notice on Further Strict Bidding for Residential Land*** which stipulated that measures will be strictly carried out to examine the qualifications of land purchasers and strengthen the examination of the sources of funds for land purchase.

In addition, in October 2021, Dongguan Municipal Bureau of Housing and Urban-Rural Development issued ***the Notice on the Establishment of a Mechanism for Issuing Reference Prices of Second-hand Housing Transactions***, which stipulated that relevant institutions involved in second-hand housing transactions should take the reference prices of second-hand housing transactions as one of the reference bases for business development.

# Multiple Platforms for Value Creation



**Nam Tai Inno Park**

Project completed in July 2021



**Nam Tai Inno Valley**

Urban renewal application pending, expected to be completed in 2025



**Nam Tai Technology Center**

Construction expected to be completed in 2022



**Nam Tai • Longxi**

Mixed residential & commercial development expected to be completed in 2022

# Record of Adhering to Project Schedules

## Project Development Schedule

Schedule	Nam Tai Inno Park	Nam Tai Technology Center	Nam Tai • Longxi
Land Use Permit	June 2015	May 2018	June 2020
Land Use Rights Certificate	September 2015	March 2019	May 2020
Construction Land Planning Permit	August 2017	May 2019	December 2020
Main Structure Construction Permit	May 2018	July 2019	December 2020
Registration of the Completion Acceptance	December 2019		
Property Ownership Certificate	June 2020		
Delivery	July 2021		

■ Obtained

Remarks: Detailed redevelopment schedule for Nam Tai Inno Valley is not yet available as the project is still pending approval for urban renewal.



# Highly Experienced and Well-Functioning Board

## Highly Experienced & Diligent Directors

- The current board and management have a deep understanding of the operating conditions in the PRC for property development, in particular industrial properties.
- The incumbent directors attended all the Board Meetings during the first nine months of 2021.

## Diversity

- Four directors are located in Hong Kong or Mainland China, with direct experience in the China market.
- The Board has broad representation with two independent directors from North America, e.g., Mr. Peter R. Kellogg and Mr. Mark Waslen.

## Independence and Oversight




- All the directors but one are independent, representing 83% independence ratio on the Board.
- The Board's three standing committees, including the Audit Committee, the Compensation Committee, the Nomination and Corporate Governance Committee, are composed solely of independent Directors.



# Commitment to Good Corporate Governance & Value Creation

**The Board and management deeply value the input from and opinion of investors. We are committed to ongoing transparency and creation of value for all shareholders**

In 2021, the Company has:

-  Resumed the quarterly earnings call since the second quarter;
-  Produced four investor presentations so as further enhance the transparency to the Company's business and strategy; and
-  Continued the dialogs with investors for two-way communication.

We will continue to foster investor engagement by:

- Holding quarterly conference calls and continuing dialogue with investors
- Exploring analyst coverage once the Company becomes more stable
- Arranging project site visits after the Covid-19 pandemic is under control
- The Company will explore the declaration of dividends after resolving the liquidity crisis.