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**LVGEM**

**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)

**PROPOSED ISSUE OF 5.5% CONVERTIBLE BONDS  
DUE 2018**



**建银国际**

CCB International

On 6 November 2016, the Company and the CB Subscriber entered into the CB Subscription Agreement pursuant to which the Company conditionally agreed to issue the Convertible Bonds.

The aggregate principal amount of the Convertible Bonds is US\$100 million (equivalent to approximately HK\$775 million). The Convertible Bonds will bear interest at 5.5% per annum and will due in 2018.

Assuming full conversion of the Convertible Bonds at the conversion price of HK\$2.76 per Conversion Share, the Convertible Bonds will be convertible into 280,797,101 new Shares. The Conversion Shares represent approximately 6.0% of the existing issued share capital of the Company and approximately 5.6% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The estimated net proceeds from the issue of the Convertible Bonds would be approximately HK\$765.3 million. The Company intends to apply the net proceeds from the issue of the Convertible Bonds as general working capital of the Company.

The Conversion Shares which may fall to be issued upon the exercise of the conversion rights under the Convertible Bonds will be issued under the General Mandate granted by the Shareholders to the Directors at the annual general meeting held on 2 June 2016.

**As the CB Subscription Agreement may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

On 6 November 2016, the Company and the CB Subscriber entered into the CB Subscription Agreement pursuant to which the Company conditionally agreed to issue the Convertible Bonds.

Set out below are the principal terms of the CB Subscription Agreement:

## THE CB SUBSCRIPTION AGREEMENT

### Date

6 November 2016

### Parties

- (1) The Company; and
- (2) Chance Talent Management Limited.

Chance Talent Management Limited (the “**CB Subscriber**”), a business company incorporated in the British Virgin Islands with limited liability and an indirectly and wholly-owned special purpose vehicle of CCB International (Holdings) Limited. To the best knowledge, information and belief of the Directors, having made all reasonable enquires, the CB Subscriber and its ultimate beneficial owners are independent third parties not connected with the Company or any of its connected persons.

### Principal terms of the Convertible Bonds

Principal amount	US\$100 million
Maturity date	The date falling on the second anniversary of the issue date.
Interest	The Convertible Bonds bear interest from the issue date of the Convertible Bonds at the rate of 5.5% per annum on the principal amount of the Convertible Bonds outstanding. The interest will be payable by the Company semi-annually in arrears from the issue date.
Conversion price	HK\$2.76 per Conversion Share, subject to adjustment in accordance with the terms of the Convertible Bonds including, among other things, subdivision or consolidation of Shares, the making of a free distribution of Shares, bonus issue, the declaration of a dividend in Shares, capital distribution, issuance of options, rights or warrants, and issue of new Shares (collective the “ <b>Adjusting Conditions</b> ”).
Number of Conversion Shares issuable	280,797,101 new Shares will be issued upon full conversion of the Convertible Bonds based on the initial conversion price of HK\$2.76.  (Note: the actual number of conversion shares to be issued will be determined by the relevant principal amount of the Convertible Bonds to be converted translated into HK\$ at the exchange rate as published by or derived from Bloomberg (or its successor) currencies page on the date of the conversion notice for the conversion.)
Transferability	The Convertible Bonds is freely transferable subject to prior notification to the Company.

## Conditions precedent of the CB Subscription Agreement

The obligations of the CB Subscriber under the CB Subscription Agreement are conditional upon:

- (i) the execution of the transaction documents including the CB Guarantee;
- (ii) the CB Subscriber being satisfied with the results of (i) their due diligence on the Company; and (ii) all “Know Your Client”, anti-money laundering checks and all other customer due diligence requirements with respect to the CB Obligors;
- (iii) the Stock Exchange having granted the listing of, and permission to deal in, the conversion shares with respect to the Convertible Bonds;
- (iv) the representations and warranties set out in the CB Agreement not having been breached and remaining true and accurate in all respects and not misleading as at the closing date and each of the CB Obligors having performed all of its/his obligations under the transaction documents to be performed on or before the closing date;
- (v) each of the CB Obligors having, to the extent applicable, (i) duly complied with all requirements under applicable laws and its constitutional documents necessary for the validity and enforceability of the transaction documents and the transactions contemplated thereunder (including without limitation the proposed issue of the Convertible Bonds and the relevant conversion shares); (ii) duly completed all procedural requirements (including without limitation notification, filing, registration, disclosure and/or announcement requirements) required by any relevant governmental authority and its constitutional documents in connection with the signing of the transaction documents and the transactions contemplated thereunder (including without limitation the proposed issue of Convertible Bonds and the relevant conversion shares) that is reasonably capable of being completed prior to the Closing; and (iii) obtained all necessary approvals and consents under applicable laws, regulations and rules in connection with the transaction documents and the transactions contemplated thereunder (including without limitation Convertible Bonds and the relevant conversion shares);
- (vi) the CB Subscriber having obtained all necessary internal approvals, including but not limited to the approval from its or its holding company’s investment committee (as applicable) in respect of the subscription of the Convertible Bonds as set forth in the CB Agreement;
- (vii) there being no governmental authority or other Person that has: (i) requested any information in connection with or instituted or, threatened any action or investigation to restrain, prohibit or otherwise challenge the subscription for the Convertible Bonds by the CB Subscriber, or any other transactions contemplated by the transaction documents; (ii) threatened to take any action as a result of or in anticipation of the subscription for the Convertible Bonds by the CB Subscriber, or any other transactions contemplated by the transaction documents; or (iii) proposed or enacted any applicable laws which would prohibit, materially restrict or materially delay the subscription for the Convertible Bonds by the CB Subscriber, or any other transactions contemplated by the transaction documents and/or the operation of any member of the Group after the closing;
- (viii) there being no event existing or having occurred and no condition being in existence which would (had the Convertible Bonds already been issued) constitute an event of default and no event or act having occurred which would constitute an event of default;

- (ix) there shall not have occurred (i) any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls; (ii) a general moratorium on commercial banking activities in the BVI, Hong Kong or the PRC by any governmental authority; (iii) an outbreak or escalation of hostilities or act of terrorism, and which, with respect to any of (i) to (iii) above, individually or in aggregate, is having or is likely to have a material adverse effect; or (iv) a suspension or material limitation of trading in securities generally on the Stock Exchange;
- (x) Mr. Wong maintaining his shareholding interest in, directly or indirectly, not less than 50% of the Shares of the Company (on a fully diluted basis) and no Encumbrance having been created over such Shares;
- (xi) the shareholder's equity of the Company being not less than RMB8,200,000,000 (or its equivalent in any other currency);
- (xii) the ratio of the Company's total assets to shareholder's equity being not more than 3.6:1; and
- (xiii) the CB Subscriber having received from the Company a copy of the securities account statement confirming the number of shares held in the name of Kinson Group Limited, a copy of the register of members of the Company and a copy of the share certificate showing the number of Shares held in the name of China LVGEM Property Holdings Limited and True Vantage Group Limited.

Completion of the CB Subscription Agreement will take place no later than the third business day following the conditions precedent under the CB Subscription Agreement have been fulfilled. If the conditions precedent cannot be fulfilled by 6 February 2017 or such later date as the Company and the CB Subscriber may agree in writing, the CB Subscription Agreement will terminate and cease to be of any effect.

### **Undertakings of the Company**

The Company has confirmed and given undertakings to the CB Subscriber including:

- (i) the Company shall use the proceeds from the subscription of the Convertible Bonds as general working capital of the Company and shall not use the proceeds for the purchase of listed securities;
- (ii) the shareholder's equity of the Company is not less than RMB8,200,000,000 (or its equivalent in any other currency);
- (iii) the ratio of the Company's total assets to shareholder's equity is not more than 3.6:1; and
- (iv) during the term of the Convertible Bonds, in the event the Company issues any Shares or convertible securities at an issue price or conversion price, respectively, less than the conversion price, the conversion price shall be adjusted in accordance with the Adjusting Conditions.

### **Application for listing**

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued upon conversion of the Convertible Bonds.

No Shareholders' approval is required for the allotment and issue of the new Shares that may fall to be issued upon the conversion of the Convertible Bonds. The new Shares that may fall to be issued upon the conversion of the Convertible Bonds will be issued under the General Mandate.

At the annual general meeting held on 2 June 2016, the Shareholders have granted to the Directors the General Mandate to issue up to 938,716,558 Shares, being 20% of the issued share capital of the Company on 2 June 2016 of 4,693,582,792 Shares. As at the date of this announcement, the General Mandate has not been utilized. Upon completion of the issue of the Convertible Bonds, the Company will have remaining mandate to issue up to 657,919,457 Shares under the General Mandate.

### **Other terms of the Convertible Bonds**

Set out below is a summary of the other principal terms of the Convertible Bonds:

Issue price	100% of the principal amount of the Convertible Bonds, payable in full at completion of the relevant CB Subscription Agreement.
Conversion period	<p>The Bondholder has the right to convert the Convertible Bonds in whole or in part into Conversion Shares at any time on or after the issue date of the Convertible Bonds up to the respective maturity date.</p> <p>Notwithstanding the conversion rights attaching to the Convertible Bonds, the Company may not issue any Share and the relevant Convertible Bonds will continue until redeemed on the maturity date if and to the extent that upon such issue of the 2016 Convertible Bonds, the shareholding in the Company by the public shall be less than 25% of the minimum prescribed percentage as set out in the Listing Rules from time to time.</p>
Redemption at maturity	Convertible Bond will be redeemed on maturity at a value equal to Redemption Amount of the outstanding principal amount of the Convertible Bonds.
Status	The Convertible Bonds will represent direct, unconditional, unsubordinated and unsecured obligations of the Company and will at all times rank <i>pari passu</i> with all existing and future unsubordinated and unsecured obligations of the Company.
Voting	A Bondholder will not be entitled to vote at any general meetings of the Company by reason only of it being a Bondholder.
Listing	No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other exchange.
Guarantee	Mr. Wong Hong King, the controlling shareholder of the Company, has provided a guarantee to the Bondholder to guarantee the Company's obligations under the Convertible Bonds.

### **Comparison of conversion price**

The initial conversion price of HK\$2.76 per Conversion Share was arrived at after arm's length negotiation between the Company and the CB Subscriber and represents:

- (i) a premium of approximately 13.1% to the closing price of the Shares of HK\$2.44 as quoted on the Stock Exchange on the last trading date before the date of the CB Subscription Agreement;
- (ii) a premium of approximately 13.5% to the average closing price of HK\$2.432 per Share for the last 5 consecutive trading days up to and including the last trading date before the date CB Subscription Agreement; and
- (iii) a premium of approximately 13.2% to the average closing price of HK\$2.439 per Share for the last 10 consecutive trading days up to and including the last trading day before the date of the CB Subscription Agreement.

### Conversion Shares

Assuming full conversion of the Convertible Bonds at the conversion price of HK\$2.76 per Conversion Share, the Convertible Bonds will be convertible into 280,797,101 new Shares. The Conversion Shares represent approximately 6.0% of the existing issued share capital of the Company and approximately 5.6% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

The Conversion Shares have a nominal value of HK\$2.8 million and a market value of approximately HK\$685.1 million based on the closing price of the Shares of HK\$2.44 on 4 November 2016.

The Conversion Shares will rank pari passu in all respects with the Shares then in issue on the relevant conversion date.

### REASONS FOR THE ISSUE OF THE CONVERTIBLE BONDS AND USE OF PROCEEDS

The Directors consider that the issue of the Convertible Bonds represents an opportunity for the Company to raise additional funds for its operations. The estimated net proceeds from the issue of the Convertible Bonds will be approximately HK\$765.3 million. The Company intends to apply the net proceeds as general working capital of the Group.

### SHAREHOLDING OF THE COMPANY

The table below sets out the Company's shareholding structure as at the date of this announcement and upon full conversion of the Convertible Bonds, assuming no further issue or repurchase of Shares and no conversion of any of the convertible securities of the Company:

	Shareholding as at the date of this announcement		Shareholding immediately upon full conversion of the Convertible Bonds	
	No. of Shares	%	No. of Shares	%
Mr. Wong Hong King and his associates <i>(Note)</i>	3,520,187,094	75.00	3,520,187,094	71
<b>CB Subscriber</b>	-	-	280,797,101	6
Public Shareholders	1,173,395,698	25.00	1,173,395,698	23
<b>Total</b>	<u>4,693,582,792</u>	<u>100.00</u>	<u>4,974,379,893</u>	<u>100.00</u>

*Note: Mr. Wong Hong King's interests are held indirectly through China LVGEM Property Holdings Limited as to 1,010,844,583 Shares, True Vantage Group Limited as to 109,342,511 Shares and Kinson Group Limited as to 2,400,000,000 Shares which is held by family trust of Mr. Wong.*

## FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST 12 MONTHS

Date of announcements	Description	Net proceeds raised	Intended use of proceeds	Actual use of proceeds
13 October 2015	Subscription of 300,000,000 new Shares by a subsidiary of China Vanke Co., Ltd. at HK\$2.20 per Share.	Approximately HK\$600 million	To be applied for settlement of part of the consideration for the acquisition of Green View Holding Company Limited (the “Acquisition”), and as general working capital of the Company	Used as intended.
26 October 2015	Subscription of 300,000,000 new Shares by Ping An Dahua Fund Management Company Limited at HK\$2.20 per Share.	Approximately HK\$600 million	To be applied as for settlement of part of the consideration for the Acquisition, and as general working capital of the Company	Used as intended.
5 November 2015	Placing of new shares by certain placing agents to investors at HK\$2.20 per Share.	Approximately HK\$429.8 million	To be applied as for settlement of part of the consideration for the Acquisition, and as general working capital of the Company.	Used as intended.

Save as disclosed above, the Company has not carried out any other equity fund raising exercise in the twelve months immediately preceding the date of this announcement.

## GENERAL

The Group is principally engaged in property development, property investment and other related services.

The Conversion Shares which may fall to be issued upon the exercise of the conversion rights under the Convertible Bonds will be issued under the General Mandate.

**As the CB Subscription Agreement may or may not proceed to completion, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Bondholder”	holder of the Convertible Bonds;
“BVI”	the British Virgin Islands
“CB Guarantee”	the guarantee to be executed by Mr. Wong in favour of the CB Subscriber in relation to the obligations of the CB Obligors under the Convertible Bonds;
“CB Subscription Agreement”	the agreement dated 6 November 2016 entered into between the Company and the CB Subscriber;

“CB Subscriber”	Chance Talent Management Limited, a company incorporated in the British Virgin Islands with limited liability;
“CB Obligors”	the Company and Mr. Wong;
“China LVGEM”	China LVGEM Property Holdings Limited, a company incorporated in the Cayman Islands and a company ultimately wholly- owned by Mr. Wong;
“Company”	LVGEM (China) Real Estate Investment Company Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Conversion Shares”	new Shares to be issued upon conversion of the Convertible Bonds;
“Convertible Bonds	5.5% unlisted convertible bonds due 2018 in the aggregate principal amount of US\$100 million (equivalent to approximately HK\$775 million) to be issued by the Company to the CB Subscriber;
“Directors”	the directors of the Company;
“General Mandate”	the authorisation granted to the Directors pursuant to an ordinary resolution of the Company passed at the annual general meeting of the Company held on 2 June 2016 to allot and issue up to 20% of the aggregate of the nominal value of the share capital of the Company in issue on the date of the passing of the resolution;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Wong”	Mr. Wong Hong King, the controlling shareholder of the Company;
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan;
“Redemption Amount”	means the amount equal to the aggregate of: <ul style="list-style-type: none"> <li>(a) the aggregate principal amount of such outstanding Convertible Bonds held by the relevant Bondholder;</li> <li>(b) any accrued but unpaid interest on such outstanding Convertible Bonds on the redemption date (other than default interest); and</li> </ul>



- (c) (if the sum of the amounts referred to in paragraphs (a) and (b) above falls short of making up an internal rate of return of 8% on the aggregate principal amount of the Convertible Bonds) such additional amount which would make up an internal rate of return of 8% on the aggregate principal amount of the Convertible Bonds;

“Shareholders”	registered holders of Shares from time to time;
“Shares”	shares of HK\$0.01 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency in the United States of America;
“%”	per cent.

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

*In this announcement, amounts in US\$ have been converted into HK\$ and vice-versa at the rates of US\$1=HK\$7.75 for illustration purposes only. These translations shall not be taken as a representation that any amounts in US\$ or HK\$ have been or could have been or can be converted at the aforementioned rate or at any other rate or at all.*

Hong Kong, 6 November 2016

*As at the date of this announcement, the executive directors of the Company are Miss HUANG Jingshu (Chairman), Mr. TANG Shouchun (Chief Executive Officer), Mr. YE Xingan, Mr. CHEN Tieshen and Ms. DENG Chengying; and the independent non-executive directors of the Company are Mr. ZHU Jiusheng, Mr. WANG Jing and Ms. HU Gin Ing.*