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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)

EXTENSION OF THE 5.5% CONVERTIBLE BONDS DUE 2018 TO 2020

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.

On 8 November 2016, the Company and the CB Subscriber entered into the First Amendment Agreement to amend certain terms of the CB Subscription Agreement.

On 18 November 2016, all the conditions precedent under the CB Subscription Agreement have been fulfilled and completion of the issue of the Convertible Bonds took place on the same day. The net proceeds of approximately HK\$767.9 million were utilized as general working capital of the Company. On 3 October 2018, the CB Subscriber, the Company and Mr. Wong entered into the Deed of Extension to extend the maturity date of the Convertible Bonds to 18 November 2020 and amend certain terms of the CB Subscription Agreement, the terms of the Convertible Bonds and other relevant transaction documents. The amendments made to the CB Subscription Agreement and the terms and conditions of the Convertible Bonds under the Deed of Extension will become effective upon obtaining all necessary approvals, including but not limited to approval of the Stock Exchange.

The aggregate principal amount of the Convertible Bonds was US\$100 million (equivalent to approximately HK\$776 million). The Convertible Bonds bear interest at 5.5% per annum and was originally due on 18 November 2018 prior to the extension of the maturity date of the Convertible Bonds pursuant to the Deed of Extension.

As of the date of this announcement, US\$10 million (equivalent to approximately HK\$77.6 million) of the principal amount of the Convertible Bonds has been converted into 28,794,063 Issued Conversion Shares.

Assuming full conversion of the outstanding principal amount of the Convertible Bonds (i.e. US\$90 million) at the conversion price of HK\$2.636 per Conversion Share, the Convertible Bonds will be convertible into 264,946,889 new Shares. The Conversion Shares represent approximately 5.36% of the existing issued share capital of the Company and approximately 5.09% of the issued share capital of the Company as enlarged by the issue of all the Conversion Shares.

The Conversion Shares which may fall to be issued upon the exercise of the conversion rights under the outstanding principal amount of the Convertible Bonds will be issued under the General Mandate granted by the Shareholders to the Directors at the annual general meeting held on 25 May 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

References are made to the announcements of the Company dated 6 November 2016, 8 November 2016 and 18 November 2016 in relation to the issue of 5.5% convertible bonds of the Company originally due on 18 November 2018 prior to the extension of the maturity date of the Convertible Bonds pursuant to the Deed of Extension.

The Convertible Bonds were issued on 18 November 2016 and the net proceeds of approximately HK\$767.9 million were utilized as general working capital of the Company.

As of the date of this announcement, US\$10 million (equivalent to approximately HK\$77.6 million) of the principal amount of the Convertible Bonds has been converted into 28,794,063 Issued Conversion Shares.

On 3 October 2018, the CB Subscriber, the Company and Mr. Wong entered into the Deed of Extension to extend the maturity date of the Convertible Bonds to 18 November 2020 and amend certain terms of the CB Subscription Agreement, the terms of the Convertible Bonds and other relevant transaction documents. The amendments made to the CB Subscription Agreement and the terms and conditions of the Convertible Bonds under the Deed of Extension will become effective upon obtaining all necessary approvals, including but not limited to approval of the Stock Exchange.

Amendments to the CB Subscription Agreement, the terms and conditions of the Convertible Bonds and the other relevant transaction documents

Under the Deed of Extension, the parties thereto agreed to, amongst others, the following principal amendments to the CB Subscription Agreement, the terms and conditions of the Convertible Bonds and the other relevant transaction documents (as supplemented by the First Amendment Agreement):

- (a) the maturity date of the Convertible Bonds will be changed from the date falling on the second anniversary of the issue date to the date falling on the fourth anniversary of the issue date;
- (b) the Convertible Bonds shall bear an administrative fee (the “**Administrative Fee**”) at 1.5% per annum on the principal amount outstanding from time to time, accruing on a daily basis and calculated for actual number of days elapsed on a 365-day year. The Administrative Fee shall be payable annually in arrears from the second anniversary of the issue date. Administrative Fee on any Convertible Bonds not held for the whole of the relevant period shall be calculated on a pro rata basis; and
- (c) the undertakings given by the Company to the CB Subscriber and the Bondholders that the shareholders’ equity of the Company should not be less than RMB8,200,000,000 (or its equivalent in any other currency) will be changed to an undertaking given by the Company to the CB Subscriber and the Bondholders that the shareholders’ equity of the Company should not be less than RMB10,000,000,000 (or its equivalent in any other currency).

The principal terms of the CB Subscription Agreement (as supplemented and amended by the First Amendment Agreement and the Deed of Extension) are set out below:

THE CB SUBSCRIPTION AGREEMENT

Date: 3 October 2018

Parties: (a) Chance Talent Management Limited (the “**CB Subscriber**”); and
(b) The Company.

The CB Subscriber is a business company incorporated in the BVI 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

Outstanding principal amount	US\$90 million
Maturity date	The date falling on the fourth anniversary of the issue date (i.e. 18 November 2020).
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.
Administrative Fee	The Convertible Bonds bear the Administrative Fee at 1.5% per annum on the principal amount of the Convertible Bonds outstanding. The Administrative Fee shall be payable annually in arrears from the second anniversary of the issue date.
Conversion price	HK\$2.636 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 “ Adjusting Conditions ”).
Number of Conversion Shares issuable	264,946,889 new Shares will be issued upon full conversion of the outstanding principal amount of the Convertible Bonds based on the conversion price of HK\$2.636. (Note: for the purposes of the determining the number of Shares to be issued on conversion of the Convertible Bonds, one US\$ shall be taken as equivalent to HK\$7.76)
Transferability	The Convertible Bonds is freely transferable subject to prior notification to the Company.

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 RMB10,000,000,000 (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.

Other terms and conditions of the Convertible Bonds

Set out below is a summary of the other terms and conditions of the Convertible Bonds (as supplemented and amended by the First Amendment Agreement and the Deed of Extension):

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 Conversion Shares, 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, the controlling shareholder of the Company, has provided a guarantee to the Bondholder to guarantee the Company's obligations under the Convertible Bonds.

The amendments made to the CB Subscription Agreement and the terms and conditions of the Convertible Bonds under the Deed of Extension will become effective upon obtaining all necessary approvals, including but not limited to approval of the Stock Exchange.

The Company confirms that all the provisions of the CB Subscription Agreement, the terms of the Convertible Bonds and the other relevant transaction documents (as supplemented by the First Amendment Agreement) will continue to remain in full force and effect save as amended by the Deed of Extension.

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 25 May 2018, the Shareholders have granted to the Directors the General Mandate to issue up to 987,108,304 Shares, being 20% of the issued share capital of the Company on 25 May 2018 of 4,935,541,524 Shares. The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement. Accordingly, the allotment and issue of the Conversion Shares is not subject to any additional Shareholders' approval.

Comparison of conversion price

The conversion price of HK\$2.636 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 9.38% to the closing price of the Shares of HK\$2.410 as quoted on the Stock Exchange on the last trading day before the date of the Deed of Extension;
- (ii) a premium of approximately 9.20% to the average closing price of HK\$2.414 per Share for the last 5 consecutive trading days up to and including the last trading day before the date of the Deed of Extension; and
- (iii) a premium of approximately 9.83% to the average closing price of HK\$2.400 per Share for the last 10 consecutive trading days up to and including the last trading day before the date of the Deed of Extension.

Conversion Shares

As of the date of this announcement, US\$10 million (equivalent to approximately HK\$77.6 million) of the principal amount of the Convertible Bonds has been converted into 28,794,063 Issued Conversion Shares.

Assuming full conversion of the outstanding principal amount of the Convertible Bonds (i.e. US\$90 million) at the conversion price of HK\$2.636 per Conversion Share, the Convertible Bonds will be convertible into 264,946,889 new Shares. The Conversion Shares represent approximately 5.36% of the existing issued share capital of the Company and approximately 5.09% of the issued share capital of the Company as enlarged by the issue of all the Conversion Shares. The Conversion Shares and the Issued Conversion Shares in aggregate have a nominal value of HK\$2.9 million. The Conversion Shares to be issued upon full conversion of the outstanding principal amount of the Convertible Bonds (i.e. US\$90 million) have a market value of approximately HK\$641.2 million based on the closing price of the Shares of HK\$2.420 on 3 October 2018.

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

USE OF PROCEEDS

The net proceeds of approximately HK\$767.9 million raised from the issue of the Convertible Bonds have been utilized in full as general working capital of the Company.

REASONS AND BENEFITS OF THE PROPOSED AMENDMENTS TO THE CB SUBSCRIPTION AGREEMENT

The Board considers that the extension of the maturity date of the Convertible Bonds by two years and other related amendments reflect the long term strategic business relationship between the Group and the CB Subscriber and its parent company, CCBI International (Holdings) Limited which would be beneficial to both groups, and would also enhance the liquidity of working capital of the Company and its subsidiaries. As such, the Board is of the view that the terms of the Deed of Extension are fair and reasonable and are in the interest of the Company and its shareholders as a whole.

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 and his associates (<i>Note</i>)	3,529,665,094	71.44	3,529,665,094	67.81
CB Subscriber	28,794,063	0.58	293,740,952	5.64
Public Shareholders	1,382,042,367	27.98	1,382,042,367	26.55
Total	<u>4,940,501,524</u>	<u>100.00</u>	<u>5,205,448,413</u>	<u>100.00</u>

Note: Mr. Wong's interests are held indirectly through China LVGEM as to 1,021,522,583 Shares, True Vantage Group Limited as to 108,142,511 Shares and Kinson Group Limited as to 2,400,000,000 Shares which is held by a 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
7 February 2018	Placement of 132,564,669 CPS and 132,564,669 new Shares at HK\$2.938 per CPS/Share	Approximately HK\$778.94 million	To be applied for general corporate purposes and to finance new property projects of the Group	Used as intended
8 February 2018	Top-up placing of 80,000,000 Shares at HK\$2.938 per Share	Approximately HK\$233.16 million	To be applied for general corporate purposes and to finance new property projects of the Group	Used as intended
10 May 2018	Issue of 4.00% guaranteed convertible bonds due 2023 in the principal amount of US\$100 million	Approximately HK\$769.385 million	To be applied as to (i) approximately HK\$500 million for the project development of the Company; and (ii) approximately HK\$269.385 million for debt refinancing and/or general corporate purposes	(i) Fully utilised as intended as to HK\$500 million for the project; and (ii) partly utilised as intended as to HK\$186.125 million for general corporate purposes

16 September 2018	Issue of 5.00% of guaranteed convertible bonds due 2023 in the principal amount of US\$50 million	Estimated net proceeds of approximately HK\$383.667 million	To be applied as to (i) approximately HK\$185 million for project development of the Group; and (ii) approximately HK\$198.667 million for debt refinancing and/or general corporate purposes of the Group	The issue of convertible bonds completed on 28 September 2018. No proceeds has been used as at the date of this announcement
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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 and property investment in the PRC.

The CB Subscriber is an indirectly and wholly-owned special purpose vehicle of CCB International (Holdings) Limited. CCB International (Holdings) Limited is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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 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 BVI with limited liability;
“CPS”	convertible preference shares of HK\$0.01 each in the share capital of the Company;
“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 2020 in the aggregate outstanding principal amount of US\$90 million (equivalent to approximately HK\$698.4 million) issued by the Company to the CB Subscriber;
“Deed of Extension”	the deed of extension dated 3 October 2018 entered into between the Company, the CB Subscriber and Mr. Wong;
“Directors”	the directors of the Company;
“First Amendment Agreement”	the supplemental agreement dated 8 November 2016 entered into between the Company and the CB Subscriber;
“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 25 May 2018 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;
“Issued Conversion Shares”	28,794,063 new Shares issued at the adjusted conversion price of HK\$2.695 per Share upon conversion of US\$10 million (equivalent to approximately HK\$77.6 million) of the principal amount of the Convertible Bonds;
“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"> (a) the aggregate principal amount of such outstanding Convertible Bonds held by the relevant Bondholder; (b) any accrued but unpaid interest on such outstanding Convertible Bonds on the redemption date (other than default interest); (c) any accrued but unpaid Administrative Fee on such outstanding Convertible Bonds on the redemption date (other than default interest); and

- (d) (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; and
- “%” per cent.

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

Hong Kong, 3 October 2018

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