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EXTENSION OF THE 5.5% CONVERTIBLE BONDS DUE 2020 TO 2022

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 2018 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.

On 18 November 2020, the CB Subscriber, the Company and Mr. Wong entered into the 2020 Deed of Extension to further extend the maturity date of the remaining outstanding Convertible Bonds to 18 May 2022 and amend certain terms of the CB Subscription Agreement, the terms of the Convertible Bonds and other relevant transaction documents. Upon obtaining all necessary approvals, including but not limited to approval of the Stock Exchange, the amendments made to the CB Subscription Agreement and the terms and conditions of the Convertible Bonds under the 2020 Deed of Extension shall become effective as from 18 November 2020.

The aggregate principal amount of the Convertible Bonds was US\$100 million (equivalent to approximately HK\$776 million). As of the date of this announcement, (i) 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, and (ii) US\$20,000,000 of the outstanding principal amount of the Convertible Bonds was redeemed by the Company on 18 November 2020, being the maturity date of the Convertible Bonds prior to its extension pursuant to the 2020 Deed of Extension.

Assuming full conversion of the remaining outstanding principal amount of the Convertible Bonds (i.e. US\$70 million) at the conversion price of HK\$2.505 per Conversion Share, the Convertible Bonds will be convertible into 216,846,307 new Shares. The Conversion Shares, if issued, would represent approximately 4.25% of the existing issued share capital of the Company and approximately 4.08% 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 10 June 2020.

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, 18 November 2016 and 3 October 2018 in relation to the issue of 5.5% convertible bonds of the Company due on 18 November 2020.

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, (i) 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, and (ii) US\$20,000,000 of the outstanding principal amount of the Convertible Bonds was redeemed by the Company on 18 November 2020, being the maturity date of the Convertible Bonds as extended by the 2018 Deed of Extension, prior to its extension pursuant to the 2020 Deed of Extension.

On 18 November 2020, the CB Subscriber, the Company and Mr. Wong entered into the 2020 Deed of Extension to further extend the maturity date in respect of the remaining outstanding principal amount of the Convertible Bonds (i.e. US\$70 million) to 18 May 2022 and amend certain terms of the CB Subscription Agreement, the terms of the Convertible Bonds and other relevant transaction documents. Upon obtaining all necessary approvals, including but not limited to approval of the Stock Exchange, the amendments made to the CB Subscription Agreement and the terms and conditions of the Convertible Bonds under the 2020 Deed of Extension shall become effective as from 18 November 2020.

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

Under the 2020 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 and the 2018 Deed of Extension):

- (a) the maturity date of the Convertible Bonds will be changed from the date falling on the fourth anniversary of the issue date to the date falling on the sixty-sixth month from the issue date;
- (b) the undertaking given by the Company to the CB Subscriber and the Bondholder that the shareholders' equity of the Company should not be less than RMB10,000,000,000 (or its equivalent in any other currency) will be changed to not less than RMB11,500,000,000 (or its equivalent in any other currency); and
- (c) the undertaking given by the Company to the CB Subscriber and the Bondholders that the ratio of the Company's total assets to shareholder's equity is not more than 3.6:1 will be changed to the ratio of the Company's total debts (excluding contract liability arising out of sale of properties) to the Company's total assets is not more than 75%.

The principal terms of the CB Subscription Agreement (as supplemented and amended by the First Amendment Agreement, the 2018 Deed of Extension and the 2020 Deed of Extension) are set out below.

THE CB SUBSCRIPTION AGREEMENT

Date: 18 November 2020

Parties: (a) 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\$70 million

Maturity date The date falling on the sixty-sixth month from the issue date (i.e. 18 May 2022).

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\$2.505 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	216,846,307 new Shares will be issued upon full conversion of the outstanding principal amount of the Convertible Bonds based on the conversion price of HK\$2.505. (Note: for the purposes of the determining the number of Shares to be issued on conversion of the Convertible Bonds, US\$1 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 RMB11,500,000,000 (or its equivalent in any other currency);
- (iii) the ratio the Company’s total debts (excluding contract liability arising out of sale of properties) to the Company’s total assets is not more than 75%; 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, the 2018 Deed of Extension and the 2020 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 pari passu 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.

Upon obtaining all necessary approvals, including but not limited to approval of the Stock Exchange, the amendments made to the CB Subscription Agreement and the terms and conditions of the Convertible Bonds under the 2020 Deed of Extension shall become effective as from 18 November 2020.

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 and the 2018 Deed of Extension) will continue to remain in full force and effect save as amended by the 2020 Deed of Extension.

Application for listing

An application has been 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 10 June 2020, the Shareholders have granted to the Directors the General Mandate to issue up to 1,012,905,995 Shares, being 20% of the issued share capital of the Company on 10 June 2020 of 5,064,529,975 Shares. As at the date of this announcement, the Company has exercised the power to allot and issue a total of 7,974,000 new Shares pursuant to the General Mandate. Accordingly, the Company can allot and issue further 1,004,931,995 new Shares pursuant to the General Mandate and 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\$2.505 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 3.09% to the closing price of the Shares of HK\$2.43 as quoted on the Stock Exchange on the date of the 2020 Deed of Extension;
- (ii) a premium of approximately 1.17% to the average closing price of HK\$2.476 per Share for the last 5 consecutive trading days up to and including the last trading day before the date of the 2020 Deed of Extension; and
- (iii) a discount of approximately 1.11% to the average closing price of HK\$2.533 per Share for the last 10 consecutive trading days up to and including the last trading day before the date of the 2020 Deed of Extension.

Conversion Shares

Assuming full conversion of the outstanding principal amount of the Convertible Bonds (i.e. US\$70 million) at the conversion price of HK\$2.505 per Conversion Share, the Convertible Bonds will be convertible into 216,846,307 new Shares. The Conversion Shares, if issued, would represent approximately 4.25% of the existing issued share capital of the Company and approximately 4.08% of the issued share capital of the Company as enlarged by the issue of all the Conversion Shares. The Conversion Shares in aggregate have a nominal value of HK\$2.2 million. The Conversion Shares to be issued upon full conversion of the outstanding principal amount of the Convertible Bonds (i.e. US\$70 million) have a market value of approximately HK\$527 million based on the closing price of the Shares of HK\$2.43 on 18 November 2020.

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 eighteen months and other related amendments reflect the long term strategic business relationship between the Group and the CB Subscriber and its parent company, CCB 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 2020 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>)	<u>3,583,353,094</u>	<u>70.31</u>	<u>3,583,353,094</u>	<u>67.44</u>
CB Subscriber	<u>17,826,087</u>	<u>0.35</u>	<u>234,672,394</u>	<u>4.42</u>
Public Shareholders	<u>1,495,324,794</u>	<u>29.34</u>	<u>1,495,324,794</u>	<u>28.14</u>
Total	<u><u>5,096,503,975</u></u>	<u><u>100.00</u></u>	<u><u>5,313,350,282</u></u>	<u><u>100.00</u></u>

Note: Mr. Wong's interest in the Company are held indirectly through (i) China LVGEM, an indirect wholly-owned company of Mr. Wong, who is beneficially interested in 1,076,210,583 Shares; (ii) True Vantage Group Limited, an indirect wholly-owned company of Mr. Wong, who is beneficially interested in 107,142,511 Shares and (iii) Kinson Group Limited who is beneficially interested in 2,400,000,000 Shares. Kinson Group Limited is owned as to 100% by Evergreen Holdings Limited, and Evergreen Holdings Limited is owned as to 100% by Cantrust (Far East) Limited, acting as the trustee for the family trust of Mr. Wong.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE LAST 12 MONTHS

The Company has not carried out any equity fund raising activities in the twelve months immediately preceding the date of this announcement.

GENERAL

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

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

“2018 Deed of Extension”	the deed of extension dated 3 October 2018 entered into between the Company, the CB Subscriber and Mr. Wong;
“2020 Deed of Extension”	the deed of extension dated 18 November 2020 entered into between the Company, the CB Subscriber and Mr. Wong;
“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 issued by the Company to the CB Subscriber;
“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 10 June 2020 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, 18 November 2020

For the purpose of this announcement, unless otherwise indicated, conversions of US\$ into HK\$ is calculated at the approximate exchange rate of US\$1.00 to HK\$7.76. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates or at all.

As at the date of this announcement, the executive Directors are Ms. HUANG Jingshu (Chairman), Mr. TANG Shouchun (Chief Executive Officer), Mr. YE Xingan, Mr. HUANG Hao Yuan and Mr. SIU Chi Hung; the non-executive Director is Ms. LI Lihong; and the independent non-executive Directors are Mr. WANG Jing, Ms. HU Gin Ing and Mr. MO Fan.