

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities in the Company.*



## **PROPOSED AMENDMENTS TO THE 5% GUARANTEED CONVERTIBLE BONDS DUE 2023**

### **INTRODUCTION**

Reference is made to the announcement of the Company dated 16 September 2018 (the “**Announcement**”) in relation to the issue of the Convertible Bonds. Save as otherwise defined, capitalised terms used shall have the same meaning as those defined in the Announcement.

As at the date of this announcement, Convertible Bonds in the outstanding principal amount of US\$50,000,000 are outstanding.

### **PROPOSED AMENDMENTS**

On 31 December 2020, the Company and the Bondholder entered into the Supplemental Agreement to amend and restate the terms of the Convertible Bonds. Upon fulfilling all the conditions precedent, including but not limited to approval of the Stock Exchange, the amendments made to the Convertible Bonds under the Supplemental Agreement shall become effective as from 31 December 2020.

The material terms of the Proposed Amendments are set out below:

	<b>Original terms</b>	<b>Proposed Amendments</b>
Redemption date at the option of the Bondholders (the “ <b>Option Date</b> ”)	28 September 2020  According to the terms of the Convertible Bonds, the Issuer will at any time on or after the Option Date, upon the Bondholder exercises its right to notify the Issuer, redeem all or some only of the Convertible Bonds held by the Bondholder at the amount equivalent to (i) the outstanding principal amount of the Convertible Bonds to be redeemed, (ii) such amount as would result in an internal rate of return of 10% per annum on the outstanding principal amount of the Convertible Bonds, and (iii) all other outstanding amounts, including accrued interests, payable under the Convertible Bonds.	31 January 2022

Save as disclosed above, all other principal terms and conditions of the Convertible Bonds remain unchanged. A brief summary of the principal terms and conditions of the Convertible Bonds is set out in the paragraph headed “Principal terms of Convertible Bonds” below.

### **Conditions precedent**

The Proposed Amendments are conditional upon:

- (i) the Stock Exchange granting approval for the Proposed Amendments as required under Rule 28.05 of the Listing Rules;
- (ii) the execution and delivery of the Supplemental Agreement; and
- (iii) the delivery to the Bondholder such constitutive documents, authorisations and certificates of the Company, the Issuer and the Subsidiary Guarantors in respect of the execution of the Supplemental Agreement and the performance of the transactions thereunder.

The Bondholder may waive the whole or any part of the conditions (other than (i) and (ii) above).

## IMPLICATIONS UNDER THE LISTING RULES

An application has been made by the Company to the Stock Exchange for the approval of the Proposed Amendments under Rule 28.05 of the Listing Rules.

## PRINCIPAL TERMS OF CONVERTIBLE BONDS

Principal amount outstanding	US\$50 million
Maturity Date	28 September 2023, which is the date falling on the fifth anniversary of the issue date of the Convertible Bonds.
Interest	The Convertible Bonds bear interest from the issue date of the Convertible Bonds at the rate of 5.00% per annum on the principal amount of the Convertible Bonds outstanding. The interest will be payable semi-annually in arrear.
Conversion price	<p>HK\$2.936 (as adjusted from the original conversion price of HK\$3.09 in accordance with the terms of the Convertible Bonds as a result of the payment of dividends for the financial years of 2018 and 2019). The conversion price represents:</p> <ul style="list-style-type: none"><li>(i) a discount of approximately 4.98% over the original conversion price of HK\$3.09 per Conversion Share;</li><li>(ii) a premium of approximately 26.01% over the closing price of HK\$2.33 per Share as quoted on the Stock Exchange on 31 December 2020, being the date of the Supplemental Agreement;</li><li>(iii) a premium of approximately 27.65% over the closing price of HK\$2.30 per Share as quoted on the Stock Exchange on 30 December 2020, being the last trading day of the Shares immediately before the date of the Supplemental Agreement; and</li><li>(iv) a premium of approximately 26.55% over HK\$2.32 per Share, being the average of the closing prices as quoted on the Stock Exchange for the five consecutive trading days up to and including 30 December 2020, being the last trading day of the Shares immediately before the date of the Supplemental Agreement.</li></ul>

## Conversion Shares

A total of 133,685,286 new Shares will be issued upon full exercise of the conversion rights attached to the Convertible Bonds based on the conversion price of HK\$2.936.

The Conversion Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting held on 25 May 2018, at which the Directors were granted authority to issue up to 987,108,304 Shares, representing 20% of the total number of Shares of the Company in issue as at 25 May 2018. 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.

The exchange rate for the conversion has been fixed at US\$1.00 = HK\$7.85.

## Changes to the shareholding structure of the Company upon full exercise of the Convertible Bonds

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	
	Shares	%	Shares	%
Mr. Wong Hong King and his associates (Note 1)	3,585,479,094	70.35	3,585,479,094	68.55
Bondholder (Note 2)	–	–	133,685,286	2.56
Public Shareholders	<u>1,511,424,881</u>	<u>29.65</u>	<u>1,511,424,881</u>	<u>28.89</u>
<b>Total</b>	<b><u>5,096,903,975</u></b>	<b><u>100.00</u></b>	<b><u>5,230,589,261</u></b>	<b><u>100.00</u></b>

### Notes:

1. Mr. Wong Hong King's interests are held indirectly through China LVGEM Property Holdings Limited as to 1,078,336,583 Shares, True Vantage Group Limited as to 107,142,511 Shares and Kinson Group Limited as to 2,400,000,000 Shares which is held by a family trust of Mr. Wong.

2. The Bondholder is Huatai Value Management Limited (previously known as Pioneer Festive Limited). It is a company incorporated under the laws of British Virgin Islands and is principally engaged in the business of investment holding. The Bondholder is a wholly-owned subsidiary of Huatai Financial Holdings (Hong Kong) Limited, a company incorporated in Hong Kong and licensed to carry out Type 1, Type 2, Type 4, Type 6 and Type 9 regulated activities under the Securities and Futures Ordinance., Huatai Financial Holdings (Hong Kong) Limited is in turn a wholly-owned subsidiary of Huatai Securities Co., Ltd., a company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (stock code: 6886). To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Bondholder and its ultimate beneficial owners are independent of, and not connected with, the Company and its connected persons.

## **REASONS OF THE PROPOSED AMENDMENTS**

The Directors do not consider the Proposed Amendments constitute a material change to the terms of the Convertible Bonds, as the key terms of the Convertible Bonds, including interest rate, maturity date, conversion price (subject to adjustment in accordance with the original terms) and security provided remain unchanged.

The amendment of the Option Date will extend the date for which the Bondholder may seek for early redemption of the Convertible Bonds to 31 January 2022, and provide the Company with greater flexibility in its capital management. The Directors consider that the Proposed Amendments are fair and reasonable and in the interest of the Company and its shareholders as a whole.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Bondholder”	holder of the Convertible Bonds;
“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;
“Convertible Bonds”	the 5% guaranteed convertible bonds due 2023 issued by the Issuer and guaranteed by the Company and certain of its subsidiaries;
“Issuer”	Gemstones International Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Supplemental Agreement”	the supplemental deed to the Trust Deed dated 31 December 2020 in relation to the proposed amendments to the terms and conditions of the Convertible Bonds;
“Proposed Amendments”	the proposed amendments to the terms of the Convertible Bonds, the material terms of which are set out in the paragraph headed “Proposed Amendments” of this announcement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Trust Deed”	the trust deed in relation to the terms and conditions of the Convertible Bonds.

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

Hong Kong, 31 December 2020

*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.*