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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)

ISSUANCE OF US\$450,000,000 12% GUARANTEED SENIOR NOTES DUE 2023 BY GEMSTONES INTERNATIONAL LIMITED

Reference is made to the announcements of the Company dated 20 February 2020, 25 February 2020 and 3 March 2020 (the “**Announcements**”) in relation to the Exchange Offer and the Concurrent New Money Issuance. Unless otherwise defined, capitalised terms in this announcement will have the same meaning as those defined in the Announcements.

The Board is pleased to announce that on 3 March 2020, the Issuer, the Company and the Subsidiary Guarantors entered into the Purchase Agreement with Nomura, BOSCH International, AMTD, DBS Bank Ltd., CCB International, Haitong International, BOCOM International, China Investment Securities International, Zhongtai International, HeungKong Financial, ABC International, CMBC Capital, UBS and Yue Xiu Securities in connection with the issue of the New Notes under the Concurrent New Money Issuance. The Group intends to use the net cash proceeds from the Concurrent New Money Issuance to refinancing existing medium to long term offshore debts which will become due within one year.

Subject to completion of the Exchange Offer and the Concurrent New Money Issuance, the Issuer will issue US\$222,610,000 of the New Notes in the Concurrent New Money Issuance and US\$227,390,000 of the New Notes pursuant to the Exchange Offer, for an aggregate principal amount of US\$450,000,000 of the New Notes.

Approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or the New Notes. No listing of the New Notes has been sought in Hong Kong.

Reference is made to the announcements of the Company dated 20 February 2020, 25 February 2020 and 3 March 2020 (the “**Announcements**”) in relation to the Exchange Offer and the Concurrent New Money Issuance. Unless otherwise defined, capitalised terms in this announcement will have the same meaning as those defined in the Announcements.

THE EXCHANGE OFFER FOR THE EXISTING NOTES

The Exchange Offer expired at 4:00 p.m., London time, on 2 March 2020.

With respect to the Existing Notes submitted for exchange, subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer, Eligible Holders of the Existing Notes validly accepted and exchanged in the Exchange Offer will receive the Exchange Consideration on the Settlement Date. Subject to completion of the Exchange Offer, the Issuer expects to issue US\$227,390,000 of the New Notes pursuant to the Exchange Offer.

THE PURCHASE AGREEMENT IN RELATION TO THE CONCURRENT NEW MONEY ISSUANCE

Date: 3 March 2020

Parties to the Purchase Agreement

- (a) the Issuer, a wholly-owned subsidiary of the Company;
- (b) the Company as one of the guarantor(s);
- (c) the Subsidiary Guarantors;
- (d) Nomura;

- (e) BOSC International;
- (f) AMTD;
- (g) DBS Bank Ltd.;
- (h) CCB International;
- (i) Haitong International;
- (j) BOCOM International;
- (k) China Investment Securities International;
- (l) Zhongtai International;
- (m) HeungKong Financial;
- (n) ABC International;
- (o) CMBC Capital;
- (p) UBS; and
- (q) Yue Xiu Securities.

Nomura, BOSC International, AMTD, DBS Bank Ltd., CCB International, Haitong International, BOCOM International, China Investment Securities International, Zhongtai International, HeungKong Financial, ABC International, CMBC Capital and UBS are the joint global coordinators, joint bookrunners and joint lead managers, and together with Yue Xiu Securities as the joint bookrunner and joint lead manager in respect of the offer and sale of the New Notes under the Concurrent New Money Issuance. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Nomura, BOSC International, AMTD, DBS Bank Ltd., CCB International, Haitong International, BOCOM International, China Investment Securities International, Zhongtai International, HeungKong Financial, ABC International, CMBC Capital, UBS and Yue Xiu Securities is an independent third party and not a connected person of the Company and its connected persons.

The New Notes have not been, and will not be, registered under the Securities Act. The New Notes will only be offered outside the United States in offshore transactions to non-U.S. persons in compliance with Regulation S under the Securities Act, and may not be offered or sold within the United States or to, or for the account on benefit of, U.S. persons (as defined in Regulation S under

the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. None of the New Notes will be offered to the public in Hong Kong.

Offering Price

The offering price of the New Notes under the Concurrent New Money Issuance is 100% of the principal amount with respect to the New Notes.

Principal terms of the New Notes

The following is a summary of certain provisions of the New Notes and the Indenture. This summary does not purport to be complete and is qualified in its entirety by reference to the provisions of the Indenture, the New Notes, the guarantees provided by the Company, Subsidiary Guarantors, and the JV Subsidiary Guarantors, if any.

Amount and tenor

Subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance, the Issuer will issue US\$222,610,000 of the New Notes in the Concurrent New Money Issuance and US\$227,390,000 of the New Notes pursuant to the Exchange Offer, for an aggregate principal amount of US\$450,000,000 of the New Notes, which will mature on 10 March 2023, unless earlier redeemed pursuant to the terms thereof.

Interest

The New Notes will bear interest at a rate of 12% per annum, payable semi-annually in arrears on 10 March and 10 September of each year, commencing on 10 September 2020.

Ranking of the New Notes

The New Notes are (1) general obligations of the Issuer; (2) senior in right of payment to any existing and future obligations of the Issuer expressly subordinated in right of payment to the New Notes; (3) at least *pari passu* in right of payment with all unsecured, unsubordinated indebtedness of the Issuer (subject to any priority rights of such unsecured unsubordinated indebtedness pursuant to applicable law); (4) guaranteed by the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any) on a senior basis, subject to certain limitations; (5) effectively subordinated to the secured obligations, (if any) of the Issuer, the Company, the Subsidiary Guarantors and the JV Subsidiary Guarantors (if any), to the extent of the value of the assets serving as security therefor; and (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which are not Subsidiary Guarantors or JV Subsidiary Guarantors (if any).

Events of default

The events of default under the New Notes include, among others: (a) default in the payment of principal of (or premium, if any, on) the New Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise; (b) default in the payment of interest on any New Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days; (c) default in the performance or breach of the provisions of certain covenants under the Indenture relating to consolidation, merger and sale of assets, the failure by the Issuer or the Company to make or consummate an offer to purchase in the manner described in the Indenture; (d) default by the Company or certain of its subsidiaries in the performance of or breaches of any other covenant or agreement in the Indenture or under the New Notes (other than a default specified in (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the holders of 25% or more in aggregate principal amount of the New Notes then outstanding or by Citicorp International Limited as trustee, at the direction of such holders; (e) there occurs with respect to any indebtedness of the Company or certain of its subsidiaries having an outstanding principal amount of US\$15.0 million or more in the aggregate for all such indebtedness, (i) an event of default that has caused the holder of such indebtedness to declare such indebtedness to be due and payable prior to its stated maturity and/or, (ii) the failure to make a principal payment when due; (f) one or more final judgments or orders for the payment of money are rendered against the Company or certain of its subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such persons to exceed US\$15.0 million in excess of amounts which the Company's insurance carriers have unconditionally agreed to pay under applicable policies, during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect; (g) any involuntary bankruptcy or insolvency proceeding is commenced against the Issuer, the Company or certain of its subsidiaries, or for any substantial part of the property and assets of the Issuer, the Company or certain of its subsidiaries and such proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Issuer, the Company or certain of its subsidiaries under any applicable bankruptcy or insolvency law; (h) any voluntary bankruptcy or insolvency proceeding is commenced by the Issuer, the Company or certain of its subsidiaries or consent to such similar action or effect any general assignment for the benefit of creditors; or (i) the Company, any Subsidiary Guarantor or JV Subsidiary Guarantor denying or disaffirming its obligations under its guarantees with respect to the obligations of the New Notes or, except as permitted by the Indenture, any such guarantee being determined to be unenforceable or invalid or for any reason ceasing to be in full force and effect.

If an event of default (other than an event of default specified in (g) and (h) above) occurs and is continuing under the Indenture, the holders of at least 25% in aggregate principal amount of the New Notes then outstanding may, and the trustee of such holders shall, by written notice to the Issuer and the Company, declare the principal of, premium, if any, and accrued and unpaid interest on the New Notes to be immediately due and payable. If an event of default specified in clauses (g) and (h) above occurs, the principal of, the premium, if any, and accrued and unpaid interest on the New Notes then outstanding shall automatically become and be immediately due and payable without any declaration or other act on the part of the trustee or any holder.

Covenants

The Indenture will limit the ability of the Company, or the Issuer, the Company and certain of its subsidiaries to, among other things:

- (a) incur additional indebtedness and issue disqualified or preferred stock;
- (b) make investments or other specified restricted payments;
- (c) issue or sell capital stock of certain of its subsidiaries;
- (d) guarantee any indebtedness of the Issuer, the Company, any Subsidiary Guarantor or any JV Subsidiary Guarantor;
- (e) sell assets;
- (f) create liens;
- (g) enter into sale and leaseback transactions;
- (h) engage in any business other than permitted business;
- (i) enter into agreements that restrict certain of its subsidiaries' ability to pay dividends, transfer assets or make intercompany loans;
- (j) enter into transactions with certain shareholders and affiliates; and
- (k) effect a consolidation or merger.

Optional Redemption for the New Notes

The New Notes may be redeemed in the following circumstances:

- (1) At any time prior to 10 March 2023 , the Issuer may at its option redeem the New Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the New Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.
- (2) At any time and from time to time prior to 10 March 2023 , the Issuer may redeem up to 35% of the aggregate principal outstanding amount of the New Notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 112% of the principal amount of the New Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal

amount of the New Notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption.

PROPOSED USE OF PROCEEDS

The Group intends to use the net proceeds of the Concurrent New Money Issuance for refinancing existing medium to long term offshore debts which will become due within one year.

INFORMATION ABOUT THE COMPANY

The Group is principally engaged in property development and property investment in the PRC, with projects mainly located in the core cities and central areas of the Pearl River Delta of the PRC. The Issuer currently has no business or operations other than to issue the New Notes and conduct other activities in connection therewith.

LISTING AND RATING OF THE NEW NOTES

Approval in-principle has been received from the SGX-ST for the listing and quotation of the New Notes on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this announcement. Approval in-principle from, admission to the Official List of, and the listing and quotation of the New Notes on, the SGX-ST are not to be taken as an indication of the merits of the Company, the Issuer, the Subsidiary Guarantors, the JV Subsidiary Guarantors (if any) or the New Notes. No listing of the New Notes has been sought in Hong Kong.

The New Notes are expected to be rated "B" by Fitch Ratings Ltd. and "BB-" by Lianhe Ratings Global Limited.

GENERAL

Shareholders, holders of the Existing Notes and potential investors should note that completion of the Exchange Offer and the Concurrent New Money Issuance is subject to the fulfillment or waiver of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance as set forth in the Exchange Offer Memorandum and summarised in the Announcements. No assurance can be given that the Exchange Offer and the Concurrent New Money Issuance will be completed and the Company reserves the right to amend, withdraw or terminate the Exchange Offer and the Concurrent New Money Issuance with or without conditions.

The Company may, at its sole discretion, amend or waive certain of the conditions precedent to the Exchange Offer and the Concurrent New Money Issuance. As the Exchange Offer and the Concurrent New Money Issuance may or may not proceed, shareholders, holders of the Existing Notes and potential investors should exercise caution when dealing in the shares of the Company or the Existing Notes.

The distribution of this announcement in certain jurisdictions may be restricted by law. Persons into whose possession this announcement comes are required to inform themselves about, and to observe, any such restrictions.

IMPORTANT NOTICE – THE EXCHANGE OFFER IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (WITHIN THE MEANING OF REGULATION S) AND ARE OUTSIDE THE UNITED STATES. U.S. PERSONS (AS DEFINED IN REGULATION S); PERSONS ACTING FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS AND PERSONS LOCATED IN THE UNITED STATES ARE NOT PERMITTED TO TENDER EXISTING NOTES IN THE EXCHANGE OFFER.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set forth below unless the context requires otherwise:

“connected person”	has the meaning ascribed to it under the Listing Rules
“Indenture”	the written agreement entered into between the Issuer, both the Company and the Subsidiary Guarantors as guarantors and Citicorp International Limited as trustee, that specifies the terms and conditions of the New Notes including the covenants, events of default, interest rate of the New Notes and the maturity date
“Issuer”	Gemstones International Limited (碧璽國際有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“JV Subsidiary Guarantees”	limited recourse guarantees to be given by the JV Subsidiary Guarantors on the New Notes
“JV Subsidiary Guarantors”	certain subsidiaries of the Company, other than the Subsidiary Guarantors, that guarantee the Issuer’s obligations under the New Notes
“New Notes”	US\$-denominated senior notes due 2023 in the aggregate principal amount of US\$450,000,000 to be issued by the Issuer

“Purchase Agreement”	the agreement dated 3 March 2020 entered into by and among Nomura, BOSCO International, AMTD, DBS Bank Ltd., CCB International, Haitong International, BOCOM International, China Investment Securities International, Zhongtai International, HeungKong Financial, ABC International, CMBC Capital, UBS, Yue Xiu Securities, the Company, the Issuer and the Subsidiary Guarantors in respect of the offer and sale of the New Notes under the Concurrent New Money Issuance
“Subsidiary Guarantees”	guarantees for the New Notes to be provided by the Subsidiary Guarantors
“Subsidiary Guarantors”	certain existing subsidiaries of the Company that on the issue date of the New Notes will provide guarantees for the New Notes
“Yue Xiu Securities”	Yue Xiu Securities Company Limited

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

Hong Kong, 4 March 2020

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, Mr. HUANG Hao Yuan and Mr. SIU Chi Hung; the non-executive director of the Company is Ms. LI Lihong; and the independent non-executive directors of the Company are Mr. WANG Jing, Ms. HU Gin Ing and Mr. MO Fan.