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LANDSEA 朗诗

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LANDSEA GREEN GROUP CO., LTD.

朗詩綠色集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

**(1) MAJOR AND CONNECTED TRANSACTION —
DISPOSAL OF TARGET COMPANIES**

(2) EXEMPT CONTINUING CONNECTED TRANSACTIONS

(1) BACKGROUND

As set out in the annual results announcement of the Company dated 22 March 2019, the Company intends to segregate its non-property development-related business, including the business of long-term rental apartments, property management and design, to its holding group in 2019. Upon such segregation, the Group, through streamlining its business, will focus on the core business of green technology property development and unleash the potential for profit margin of product differentiation, with a view to maximizing values for the Shareholders.

(2) BENEFITS

Through the segregation of the long-term rental apartment business which has been loss-making and the non-property business including the provision of property management, architectural design and landscape design, the profitability of the Company can be improved and it will make the Company a green property company with clear professional differentiation. The Company will focus on the core business of green technology property development, thereby enhancing returns to the Shareholders.

(3) THE DISPOSALS

- (a) On 10 May 2019, Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment, each being an indirect wholly-owned subsidiary of the Company, Landsea Group, the controlling shareholder of the Company, and the First Target entered into the First Agreement, pursuant to which (i) Shanghai Langyu conditionally agreed to sell, and Landsea Group conditionally agreed to purchase, the First Sale Shares for a consideration of RMB271,000,000 and (ii) Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment conditionally agreed to sell, and Landsea Group conditionally agreed to purchase, the First Sale Debts at their face value as at First Completion, subject to a cap of RMB628,406,889. The First Sale Debts amounted to RMB628,406,889 as at the date of the First Agreement. The total consideration payable under the First Agreement amounts to not more than RMB899,406,889. The Group is expected to record a gain before tax of approximately RMB27,120,000 as a result of the disposal of the First Target.

As an emerging business, Landsea Apartment is in the nurturing stage. It is expected that it will continue to record loss in the coming two years and continuous capital expenditure will be incurred in future. The segregation of Landsea Apartment to Landsea Group, the controlling shareholder of the Company, can help develop the Landsea Apartment into a professional company engaging in rental business, procuring the solid development of the long-term rental apartment business, alleviating the effect of the loss made by Landsea Apartment on the performance of the Company, making the Company a green property company with clear professional differentiation. Hence, the Company can focus on the core business of green technology property development, thereby enhancing its profitability and returns to the Shareholders.

- (b) On 10 May 2019, Shanghai Landsea Investment and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, the Second Purchaser, a wholly-owned subsidiary of Landsea Group, and the Second Target entered into the Second Agreement, pursuant to which Shanghai Landsea Investment and Nanjing Langming conditionally agreed to sell, and the Second Purchaser conditionally agreed to purchase, the Second Sale Shares for a consideration of RMB26,770,000. The Group is expected to record a gain before tax of approximately RMB12,940,000 as a result of the disposal of the Second Target.

After the segregation of this non-core business, it can help the Company focus on the development of green technology property, thereby becoming a green property company with clear professional differentiation and enhancing returns to the Shareholders.

- (c) On 10 May 2019, Shanghai Landsea Investment, an indirect wholly-owned subsidiary of the Company, the Third Purchaser, a wholly-owned subsidiary of Landsea Group, and the Third Target entered into the Third Agreement, pursuant to which Shanghai Landsea Investment conditionally agreed to sell, and the Third Purchaser conditionally agreed to purchase, the Third Sale Shares for a consideration of RMB42,540,000. The Group is expected to record a gain before tax of approximately RMB19,010,000 as a result of the disposal of the Third Target.

Shenlu Property is a small scale company established in 2014. Currently, the area under its management is only 220,000 square meters. It is a national second grade qualified property management enterprise. Landsea Group's property management business established in 2005 is managing an area of 12,000,000 square meters with a national first grade property management quality. The segregation can help the Company focus on the development of green technology property, thereby becoming a green property company with clear professional differentiation and further enhancing returns to the Shareholders.

- (d) On 10 May 2019, Shanghai Langkun and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, the Fourth Purchaser, a wholly-owned subsidiary of Landsea Group, and the Fourth Target entered into the Fourth Agreement, pursuant to which (i) Shanghai Langkun conditionally agreed to sell, and the Fourth Purchaser conditionally agreed to purchase, the Fourth Sale Shares for a consideration of RMB1, and (ii) Nanjing Langming conditionally agreed to sell, and the Fourth Purchaser conditionally agreed to purchase, the Fourth Sale Debts at its face value as at the date of the Fourth Agreement, amounting to RMB5,730,000. The total consideration payable under the Fourth Agreement amounts to RMB5,730,001. The Group is expected to record a gain before tax of approximately RMB2,530,000 as a result of the disposal of the Fourth Target.

After the segregation of this non-core business, it can help the Company focus on the development of green technology property, thereby becoming a green property company with clear professional differentiation and enhancing returns to the Shareholders.

- (e) On 10 May 2019, Shanghai Langmao and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, the Fifth Purchaser, a wholly-owned subsidiary of Landsea Group, and the Fifth Target entered into the Fifth Agreement, pursuant to which (i) Shanghai Langmao conditionally agreed to sell, and the Fifth Purchaser conditionally agreed to purchase, the Fifth Sale Shares for a consideration of RMB1, and (ii) Nanjing Langming conditionally agreed to sell, and the Fifth Purchaser conditionally agreed to purchase, the Fifth Sale Debts at its face value as at the date of the Fifth Agreement, amounting to RMB6,690,000. The total consideration payable under the Fifth Agreement amounts to RMB6,690,001. The Group is expected to record a gain before tax of approximately RMB200,000 as a result of the disposal of the Fifth Target.

After the segregation of this non-core business, it can help the Company focus on the development of green technology property, thereby becoming a green property company with clear professional differentiation and enhancing returns to the Shareholders.

IMPLICATIONS UNDER THE LISTING RULES

One or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregation basis, are more than 25% and all of such ratios are less than 75%. The Disposals constitute a major transaction for the Company and are subject to the notification, publication and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Landsea Group through its direct and indirect wholly-owned subsidiaries, is interested in 2,802,697,771 Shares, representing approximately 59.35% of the total number of Shares in issue. Landsea Group is the controlling shareholder of the Company and a connected person of the Company. Each of the Second Purchaser, the Third Purchaser, the Fourth Purchaser and the Fifth Purchaser is a wholly-owned subsidiary of Landsea Group, thus each of them is a connected person of the Company. The Disposals constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Landsea Group and its associates and Mr. Tian, an executive Director who has an interest in Landsea Group, and his associates, will abstain from voting at the SGM regarding the Disposals in accordance with the Listing Rules.

GENERAL

An Independent Board Committee has been formed to give advice to the Independent Shareholders on how they should vote in relation to each of the Agreements and the transactions contemplated thereunder and their advice will be included in the circular to be despatched to the Shareholders. Red Sun has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Disposals.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Agreements and the transactions contemplated thereunder.

A circular containing, inter alia, (i) further information regarding the Disposals; (ii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposals; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposals; (iv) other information required under the Listing Rules; and (v) a notice convening the SGM, will be despatched to the Shareholders on or before 3 June 2019.

Completion of the Disposals is subject to the fulfillment of the conditions precedent set out in the Agreements and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

(2) EXEMPT CONTINUING CONNECTED TRANSACTIONS

(a) Connected transaction and continuing connected transaction in relation to the construction design services

As at the date of this announcement, the Second Target and certain subsidiaries of the Company had entered into the Construction Design Service Agreements in relation to the provision of certain construction design services by the Second Target to such subsidiaries of the Company. Upon completion of the Second Agreement, the Second Target will be a wholly-owned subsidiary of Landsea Group, the controlling shareholder of the Company and a connected person of the Company. The Second Target will therefore become a connected person of the Company by virtue of being an associate of Landsea Group. As such, the Construction Design Service Agreements and the transactions contemplated thereunder will constitute connected transactions of the Company under the Listing Rules.

Upon completion of the Second Agreement, it is expected that the Second Target will continue to provide construction design services to other new projects of the Group. Therefore, on 10 May 2019, the Company and the Second Target entered into the Framework Construction Design Service Agreement to govern the provision of construction design services by the Second Target to Group for a fixed term from the date of Second Completion to 31 December 2021. The Framework Construction Design Service Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

(b) Continuing connected transaction in relation to the property management services

As at the date of this announcement, the Third Target and certain subsidiaries of the Company had entered into the Property Management Service Agreements in relation to the provision of certain property management services by the Third Target to such subsidiaries of the Company. Upon completion of the Third Agreement, the Third Target will be a wholly-owned subsidiary of Landsea Group, the controlling shareholder of the Company and a connected person of the Company. The Third Target will therefore become a connected person of the Company by virtue of being an associate of Landsea Group. As such, the Property Management Service Agreements and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

Reference is made to the announcement of the Company dated 25 December 2017 in respect of certain continuing connected transactions with Landsea Group contemplated under the Property Management Service and Consulting Agreement. On 25 December 2017, the Company and Landsea Group entered into the Property Management Service and Consulting Agreement pursuant to which Landsea Group and its subsidiaries shall provide property management services and property consulting services to the Group for a fixed term of three years from 1 January 2018 to 31 December 2020.

On 10 May 2019, the Company and Landsea Group entered into the Framework Property Management Service Agreement pursuant to which Landsea Group and its subsidiaries shall provide property management services and property consulting services to the Group for a fixed term from the date of Third Completion to 31 December 2021. The Framework Property Management Service Agreement will supersede and replace the Property Management Services and Consulting Agreement with effect from the date of Third Completion. The Framework Property Management Service Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

(c) Continuing connected transactions in relation to the lease between Nanjing Landsea Apartment and Xinbeisheng

On 1 February 2017, Xinbeisheng, a wholly-owned subsidiary of the Company, as landlord and Nanjing Landsea Apartment, a wholly-owned subsidiary of the First Target, as tenant, entered into the Rental Agreement, pursuant to which Xinbeisheng agreed to lease the Property to Nanjing Landsea Apartment for a term of 15 years from 1 February 2017 to 30 January 2031. Upon completion of the First Agreement, the First Target and its subsidiaries, including Nanjing Landsea Apartment, will be wholly-owned subsidiaries of Landsea Group, the controlling shareholder of the Company and a connected person of the Company. Nanjing Landsea Apartment will therefore become a connected person of the Company by virtue of being an associate of Landsea Group. As such, the Rental Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the Property Management Service Agreements and the Rental Agreement. The Company will comply with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Property Management Service Agreements and/or the Rental Agreement.

References are made to (i) the announcement of the Company dated 13 February 2018 in relation to, among others, the Decoration Service Agreement entered into between the Company and Landsea Group and (ii) the announcement of the Company dated 2 November 2018 in relation to, among others, the Service Framework Agreement between the Company and Landsea Group. As one of the parties to the Decoration Service Agreement, the Service Framework Agreement, the Framework Construction Design Service Agreements, the Framework Property Management Service Agreement and the Rental Agreement is or will be Landsea Group or its subsidiaries, the transactions contemplated under the aforesaid agreements will be aggregated pursuant to Rule 14A.83 of the Listing Rules. As the applicable ratios calculated in relation to the respective transactions under the aforesaid agreements, as aggregated, exceed 0.1% but are less than 5%, the transactions contemplated under the aforesaid agreements are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(1) THE DISPOSALS

(a) The First Agreement

On 10 May 2019, Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment, each being an indirect wholly-owned subsidiary of the Company, Landsea Group, the controlling shareholder of the Company, and the First Target entered into the First Agreement, pursuant to which (i) Shanghai Langyu conditionally agreed to sell, and Landsea Group conditionally agreed to purchase, the First Sale Shares for a consideration of RMB271,000,000, and (ii) Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment conditionally agreed to sell, and Landsea Group conditionally agreed to purchase, the First Sale Debts at their face value as at First Completion.

The principal terms of the First Agreement are as follows:

Interest to be disposed of

- (a) First Sale Shares: the entire equity interests of First Target held by Shanghai Langyu.
- (b) First Sale Debts: the outstanding loans due from First Target to Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment as at First Completion and such loans amounted to RMB628,406,889 as at the date of the First Agreement.

Consideration

The consideration for the First Sale Shares shall be RMB271,000,000.

The consideration for the First Sale Debts will be the face value of all outstanding loans due from the First Target to Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment as at First Completion which shall be capped at RMB628,406,889. The First Sale Debts amounted to RMB628,406,889 as at the date of the First Agreement.

The consideration for the First Sale Shares and the First Sale Debts has been determined with reference to, among others, the appraised value of the First Target as at the Valuation Date based on income approach with discounted cash flow method in the amount of RMB271,000,000, and the face value of all outstanding loans due from the First Target to Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment as at First Completion.

Landsea Group shall pay the consideration for the First Sale Shares and the First Sale Debts within twenty business days after the date on which the condition (a) below has been satisfied.

Conditions

First Completion is conditional upon (a) the Independent Shareholders having passed a resolution at the SGM approving the First Agreement and the transactions contemplated thereunder and (b) the consideration for the First Sale Shares and the First Sale Debts having been paid.

The conditions are incapable of being waived by the parties to the First Agreement. If the conditions are not satisfied on or before the Long Stop Date, or such other date as the parties may agree, the First Agreement shall cease to be of any effect.

Completion

First Completion will take place on the date on which the conditions have been satisfied.

Upon First Completion, the Group will cease to have any equity interest in the First Target or any of its subsidiaries.

Benefits of the disposal

As an emerging business, Landsea Apartment is in the nurturing stage. It is expected that it will continue to record loss in the coming two years. The segregation of Landsea Apartment to Landsea Group, the controlling shareholder of the Company, can help develop the Landsea Apartment into a professional company engaging in rental business, procuring the solid development of the long-term rental apartment business, alleviating the effect of the loss made by Landsea Apartment on the performance of the Company, making the Company a green property company with clear professional differentiation. Hence, the Company can focus on the core business of green technology property development, thereby enhancing its profitability and returns to the Shareholders.

Gain on disposal

The Group is expected to record a gain before tax of approximately RMB27,120,000 as a result of the disposal of the First Target.

(b) The Second Agreement

On 10 May 2019, Shanghai Landsea Investment and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, the Second Purchaser, a wholly-owned subsidiary of Landsea Group, and the Second Target entered into the Second Agreement, pursuant to which Shanghai Landsea Investment and Nanjing Langming conditionally agreed to sell, and the Second Purchaser conditionally agreed to purchase, the Second Sale Shares for a consideration of RMB26,770,000.

The principal terms of the Second Agreement are as follows:

Interest to be disposed of

Second Sale Shares: the entire equity interests of the Second Target held as to 20% by Shanghai Landsea Investment and 80% by Nanjing Langming

Consideration

The consideration for the Second Sale Shares shall be RMB26,770,000.

The consideration for the Second Sale Shares has been determined with reference to, among others, the appraised value of the Second Target as at the Valuation Date based on asset approach in the amount of RMB14,770,000 and the capital injection in the amount of RMB12,000,000 after the Valuation Date.

The Second Purchaser shall pay the consideration for the Second Sale Shares within twenty business days after the condition (a) below has been satisfied.

Conditions

Second Completion is conditional upon (a) the Independent Shareholders having passed a resolution at the SGM approving the Second Agreement and the transactions contemplated thereunder and (b) the consideration for the Second Sale Shares having been paid.

The conditions are incapable of being waived by the parties to the Second Agreement. If the conditions are not satisfied on or before the Long Stop Date, or such other date as the parties may agree, the Second Agreement shall cease to be of any effect.

Completion

Second Completion will take place on the date on which the conditions have been satisfied.

Upon Second Completion, the Group will cease to have any equity interest in the Second Target or any of its subsidiaries.

Benefits of the disposal

After the segregation of this non-core business, it can help the Company focus on the development of green technology property, thereby becoming a green property company with clear professional differentiation and enhancing returns to the Shareholders.

Gain on disposal

The Group is expected to record a gain before tax of approximately RMB12,940,000 as a result of the disposal of the Second Target.

(c) The Third Agreement

On 10 May 2019, Shanghai Landsea Investment, an indirect wholly-owned subsidiary of the Company, the Third Purchaser, a wholly-owned subsidiary of Landsea Group, and the Third Target entered into the Third Agreement, pursuant to which Shanghai Landsea Investment conditionally agreed to sell, and the Third Purchaser conditionally agreed to purchase, the Third Sale Shares for a consideration of RMB42,540,000.

The principal terms of the Third Agreement are as follows:

Interest to be disposed of

Third Sale Shares: the entire equity interests of the Third Target held by Shanghai Landsea Investment

Consideration

The consideration for the Third Sale Shares shall be RMB42,540,000.

The consideration for the Third Sale Shares has been determined with reference to, among others, the appraised value of the Third Target as at the Valuation Date based on income approach with discounted cash flow method in the amount of RMB42,540,000 and the expectation that the net appraised value of the Third Target as at the Valuation Date will be higher than the net asset value as at the date of Third Completion.

The Third Purchaser shall pay the consideration for the Third Sale Shares within twenty business days after the condition (a) below has been satisfied.

Conditions

Third Completion is conditional upon (a) the Independent Shareholders having passed a resolution at the SGM approving the Third Agreement and the transactions contemplated thereunder and (b) the consideration for the Third Sale Shares having been paid.

The conditions are incapable of being waived by the parties to the Third Agreement. If the conditions are not satisfied on or before the Long Stop Date, or such other date as the parties may agree, the Third Agreement shall cease to be of any effect.

Completion

Third Completion will take place on the date on which the conditions have been satisfied.

Upon Third Completion, the Group will cease to have any equity interest in the Third Target or any of its subsidiaries.

Benefits of the disposal

Shenlu Property is a small scale company established in 2014. Currently, the area under its management is only 220,000 square meters. It is a national second grade qualified property management enterprise. Landsea Group's property management business established in 2005 is managing an area of 12,000,000 square meters with a national first grade property management quality. The segregation can help the Company focus on the development of green technology property, thereby becoming a green property company with clear professional differentiation and further enhancing returns to the Shareholders.

Gain on disposal

The Group is expected to record a gain before tax of approximately RMB19,010,000 as a result of the disposal of the Third Target.

(d) The Fourth Agreement

On 10 May 2019, Shanghai Langkun and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, the Fourth Purchaser, a wholly-owned subsidiary of Landsea Group, and the Fourth Target entered into the Fourth Agreement, pursuant to which (i) Shanghai Langkun conditionally agreed to sell, and the Fourth Purchaser conditionally agreed to purchase, the Fourth Sale Shares for a consideration of RMB1, and (ii) Nanjing Langming conditionally agreed to sell, and the Fourth Purchaser conditionally agreed to purchase, the Fourth Sale Debts at its face value as at the date of the Fourth Agreement.

The principal terms of the Fourth Agreement are as follows:

Interest to be disposed of

- | | |
|-------------------------|--|
| (a) Fourth Sale Shares: | the entire equity interests of the Fourth Target held by Shanghai Langkun. |
| (b) Fourth Sale Debts: | the outstanding loan due from the Fourth Target to Nanjing Langming as at the date of the Fourth Agreement, amounting to RMB5,730,000. |

Consideration

The consideration for the Fourth Sale Shares is RMB1.

The consideration for the Fourth Sale Debts is the face value of all outstanding loans due from the Fourth Target to Nanjing Langming as at the date of the Fourth Agreement, amounting to RMB5,730,000.

The consideration for the Fourth Sale Shares and the Fourth Sale Debts has been determined with reference to, among others, the appraised net liability of the Fourth Target as at the Valuation Date amounting to RMB2,420,000, the accumulated loss of RMB2,421,840 since the date of the establishment of the

Fourth Target to the Valuation Date, the uncertainty of sustainability of the Fourth Target and the face value of all outstanding loans due from the Fourth Target to Nanjing Langming as at the date of the Fourth Agreement.

The Fourth Purchaser shall pay the consideration for the Fourth Sale Shares and Fourth Sale Debts within twenty business days after the condition (a) below has been satisfied.

Conditions

Fourth Completion is conditional upon (a) the Independent Shareholders having passed a resolution at the SGM approving the Fourth Agreement and the transactions contemplated thereunder and (b) the consideration for the Fourth Sale Shares and the Fourth Sale Debts having been paid.

The conditions are incapable of being waived by the parties to the Fourth Agreement. If the conditions are not satisfied on or before the Long Stop Date, or such other date as the parties may agree, the Fourth Agreement shall cease to be of any effect.

Completion

Fourth Completion will take place on the date on which the conditions have been satisfied.

Upon Fourth Completion, the Group will cease to have any equity interest in the Fourth Target or any of its subsidiaries.

Benefits of the disposal

After the segregation of this non-core business, it can help the Company focus on the development of green technology property, thereby becoming a green property company with clear professional differentiation and enhancing returns to the Shareholders.

Gain on disposal

The Group is expected to record a gain before tax of approximately RMB2,530,000 as a result of the disposal of the Fourth Target.

(e) The Fifth Agreement

On 10 May 2019, Shanghai Langmao and Nanjing Langming, each being an indirect wholly-owned subsidiary of the Company, the Fifth Purchaser, a wholly-owned subsidiary of Landsea Group, and the Fifth Target entered into the Fifth Agreement, pursuant to which (i) Shanghai Langmao conditionally agreed to sell, and the Fifth Purchaser conditionally agreed to purchase, the Fifth Sale Shares for a consideration of RMB1, and (ii) Nanjing Langming conditionally agreed to sell, and the Fifth Purchaser conditionally agreed to purchase, the Fifth Sale Debts at its face value as at the date of the Fifth Agreement.

The principal terms of the Fifth Agreement are as follows:

Interest to be disposed of

- | | |
|------------------------|--|
| (a) Fifth Sale Shares: | the entire equity interests of the Fifth Target held by Shanghai Langmao. |
| (b) Fifth Sale Debt: | the outstanding loan due from the Fifth Target to Nanjing Langming as at the date of the Fifth Agreement, amounting to RMB6,690,000. |

Consideration

The consideration for the Fifth Sale Shares is RMB1.

The consideration for the Fifth Sale Debts is the face value of all outstanding loans due from the Fifth Target to Nanjing Langming as at the date of the Fifth Agreement, amounting to RMB6,690,000.

The consideration for the Fifth Sale Shares and the Fifth Sale Debts has been determined with reference to, among others, the appraised net liability of the Fifth Target as at the Valuation Date amounting to RMB200,000, the accumulated loss of RMB2,238,310 since the date of the establishment of the Fifth Target to the Valuation Date, the uncertainty of sustainability of the Fifth Target, and the face value of all outstanding loans due from the Fifth Target to Nanjing Langming as at the date of the Fifth Agreement.

The Fifth Purchaser shall pay the consideration for the Fifth Sale Shares and Fifth Sale Debts within twenty business days after the condition (a) below has been satisfied.

Conditions

Fifth Completion is conditional upon (a) the Independent Shareholders having passed a resolution at the SGM approving the Fifth Agreement and the transactions contemplated thereunder and (b) the consideration for the Fifth Sale Shares and the Fifth Sale Debts having been paid.

The conditions are incapable of being waived by the parties to the Fifth Agreement. If the conditions are not satisfied on or before the Long Stop Date, or such other date as the parties may agree, the Fifth Agreement shall cease to be of any effect.

Completion

Fifth Completion will take place on the date on which the conditions have been satisfied.

Upon Fifth Completion, the Group will cease to have any equity interest in the Fifth Target or any of its subsidiaries.

Benefits of the disposal

After the segregation of this non-core business, it can help the Company focus on the development of green technology property, thereby becoming a green property company with clear professional differentiation and enhancing returns to the Shareholders.

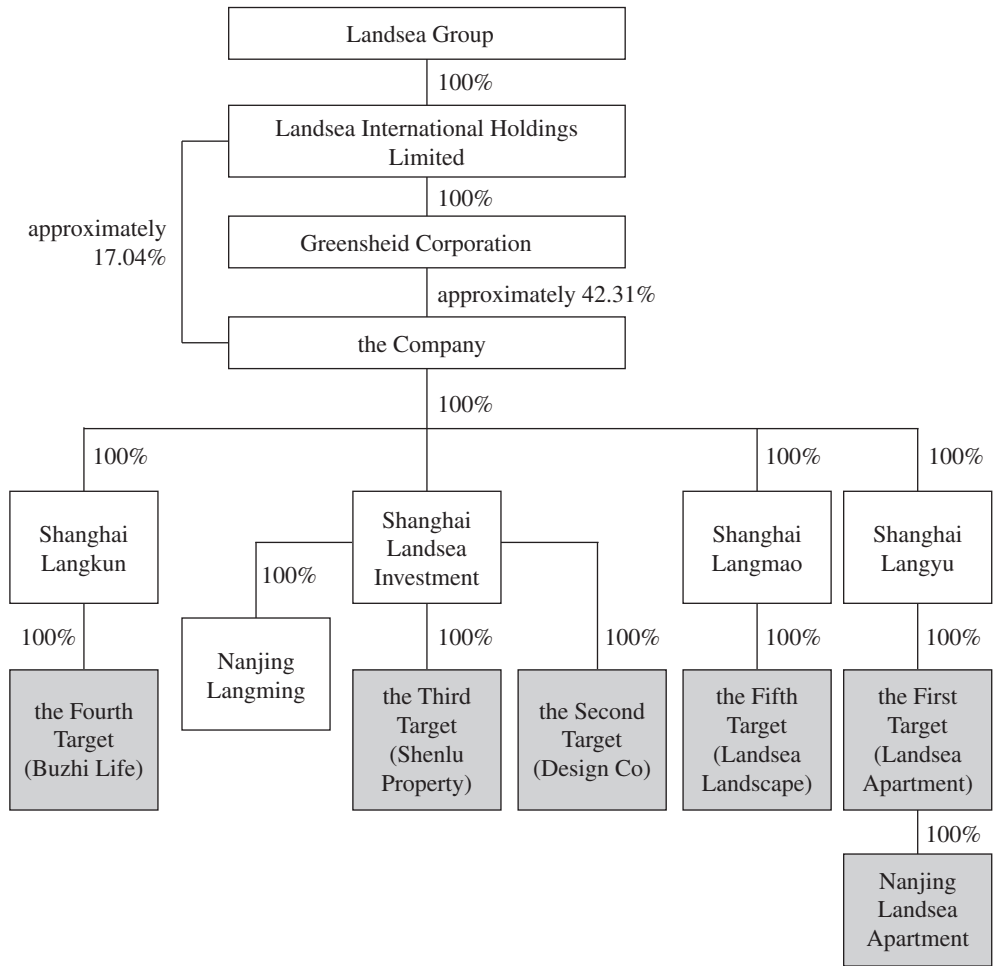
Gain on disposal

The Group is expected to record a gain before tax of approximately RMB200,000 as a result of the disposal of the Fifth Target.

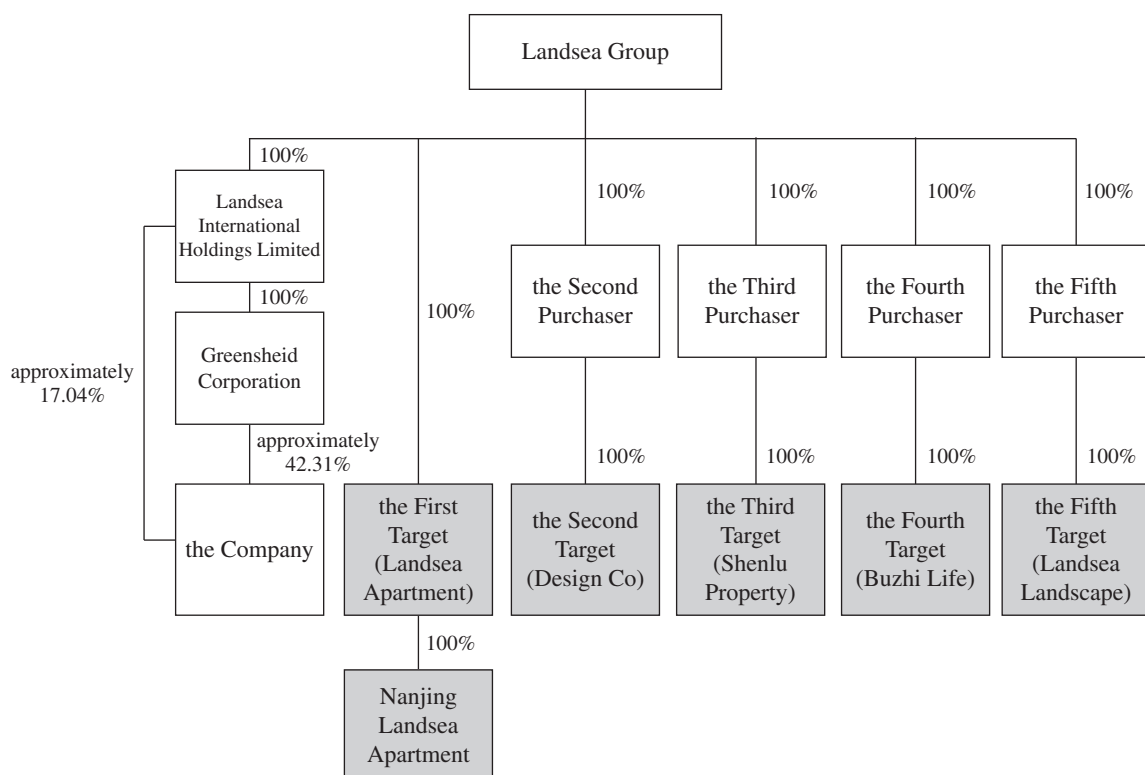
SIMPLIFIED GROUP STRUCTURE BEFORE AND AFTER COMPLETION OF THE AGREEMENTS

A simplified group structure before completion of the Agreements and after completion of the Agreements is set out below:

(a) Before completion of the Agreements



(b) After completion of the Agreements



INFORMATION ON THE TARGETS

(a) The First Target

The First Target is a company established in the PRC with limited liability. It is principally engaged in the long-term rental apartments business in the PRC.

Set out below is a summary of the unaudited consolidated financial information of the First Target:

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2018 RMB'000
Profits/(loss) before taxation and extraordinary items	(44,309)	(194,411)
Profits/(loss) after taxation and extraordinary items	(33,263)	(146,151)
		As at 30 April 2019 RMB'000
Total assets		1,542,441
Net assets		243,879

(b) The Second Target

The Second Target is a company established in the PRC with limited liability. It is principally engaged in architectural design consultation services.

Set out below is a summary of the unaudited consolidated financial information of the Second Target:

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2018 RMB'000
Profits/(loss) before taxation and extraordinary items	(1,350)	617
Profits/(loss) after taxation and extraordinary items	(622)	1,531
		As at 30 April 2019 RMB'000
Total assets		26,479
Net assets		13,829

(c) The Third Target

The Third Target is a company established in the PRC with limited liability. It is principally engaged in property management consultation services.

Set out below is a summary of the unaudited consolidated financial information of the Third Target:

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2018 RMB'000
Profits/(loss) before taxation and extraordinary items	4,304	14,972
Profits/(loss) after taxation and extraordinary items	3,205	11,209

**As at
30 April
2019
RMB'000**

Total assets	34,647
Net assets	23,526

(d) The Fourth Target

The Fourth Target is a company established in the PRC with limited liability on 24 October 2017. It is principally engaged in the provision of comprehensive living services.

Set out below is a summary of the unaudited consolidated financial information of the Fourth Target:

	From the date of establishment to 31 December 2017 RMB'000	For the year ended 31 December 2018 RMB'000
Profits/(loss) before taxation and extraordinary items	0	(1,554)
Profits/(loss) after taxation and extraordinary items	0	(1,554)

**As at
30 April
2019
RMB'000**

Total assets	4,028
Net assets	(2,526)

(e) The Fifth Target

The Fifth Target is a company established in the PRC with limited liability. It is principally engaged in landscape engineering design and construction service.

Set out below is a summary of the unaudited consolidated financial information of the Fifth Target:

	For the year ended 31 December 2017 RMB'000	For the year ended 31 December 2018 RMB'000
Profits/(loss) before taxation and extraordinary items	5	(1,628)
Profits/(loss) after taxation and extraordinary items	4	(1,628)
		As at 30 April 2019 RMB'000
Total assets		6,561
Net assets		(203)

FINANCIAL EFFECTS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

As at the date of this announcement, each of the Targets is a wholly-owned subsidiary of the Company. With effect from completion of the Agreements, the Targets will cease to be subsidiaries of the Company and the assets and liabilities and results of operation of the Targets would no longer be consolidated into the financial statements of the Company.

The Group is expected to record a total gain before tax of approximately RMB61,800,000 as a result of the Disposals, which represents the difference between the consideration for the interests to be disposed of under the Agreements and the unaudited net asset value of the Targets as at 30 April 2019. The actual gain or loss in connection with the Disposals will be assessed after completion of the Agreements and is subject to audit.

The net proceeds of the Disposals are estimated to be approximately RMB981,136,891. The Directors intend to use the net proceeds to invest in the principal property business of the Company and as general working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL OF THE TARGETS

The Group has been ranked among the top 100 property development companies in China for nine consecutive years and is the leading green property development operator in China. Since 2004, the Group has been implementing a strategy of focusing on green product differentiation development, and its business has comprehensively covered major economic regions in China as well as the main first-line gateway areas in the United States of America.

As set out in the annual results announcement of the Company dated 22 March 2019, the Company intends to segregate its non-property development-related business, including the business of long-term rental apartments, property management and design, to its holding group in 2019. Upon such segregation, the Group, through streamlining its business, will focus on the core business of green technology property development and unleash the potential for profit margin of product differentiation, with a view to maximizing values for the Shareholders.

Through the segregation of the long-term rental apartment business which has been loss-making and the non-property business including the provision of property management, architectural design and landscape design the profitability of the Company can be improved and it will make the Company a green property company with clear professional differentiation. The Company will focus on the core business of green technology property development, thereby enhancing returns to the Shareholders.

The Directors (excluding Mr. Tian and the independent non-executive Directors who will express their view after taking into consideration the recommendation from the Independent Financial Adviser) consider that the transactions contemplated under the Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group and in the interests of the Company and Shareholders as a whole, and that the terms and conditions were arrived at after negotiations on an arm's length basis, and are fair and reasonable to the Shareholders as a whole.

Mr. Tian has a material interest in the Disposals and hence is required to and has abstained from voting on the board resolutions approving the Disposals in accordance with the Listing Rules.

INFORMATION ON THE PURCHASERS

Landsea Group is a company established in the PRC with limited liability, and through its direct and indirect wholly-owned subsidiaries, is interested in 2,802,697,771 Shares, representing approximately 59.35% of the total number of Shares in issue. Landsea Group is the controlling shareholder of the Company. Mr. Tian is the controlling shareholder of Landsea Group.

The Second Purchaser is a company established in the PRC with limited liability principally engaged in the provision of architectural design services.

The Third Purchaser is a company established in the PRC with limited liability principally engaged in the provision of property management services.

The Fourth Purchaser is a company established in the PRC with limited liability principally engaged in internet e-commerce business.

The Fifth Purchaser is a company established in the PRC with limited liability principally engaged in agricultural project.

Each of the Second Purchaser, the Third Purchaser, the Fourth Purchaser and the Fifth Purchaser is wholly owned by Landsea Group.

INFORMATION ON THE VENDORS

Shanghai Langyu is a company established in the PRC with limited liability. It is principally engaged in investment holding and it is interested in the entire issued share capital of First Target as at the date of this announcement.

Nanjing Langming is a company established in the PRC with limited liability. It is principally engaged in investment holding. It holds 80% of the equity interests of the Second Target. It also owns part of the First Sale Debts amounting to RMB458,960,000, the Fourth Sale Debts and the Fifth Sale Debts.

Shanghai Landsea Investment is a company established in the PRC with limited liability. It is principally engaged in investment holding and is interested in 20% of the equity interests of the Second Target and the entire issued share capital of the Third Target as at the date of this announcement.

Shanghai Langkun is a company established in the PRC with limited liability. It is principally engaged in investment holding and is interested in the entire issued share capital of the Fourth Target as at the date of this announcement.

Shanghai Langmao is a company established in the PRC with limited liability. It is principally engaged in investment holding and is interested in the entire equity interests of the Fifth Target as at the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

One or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposals, on an aggregation basis, are more than 25% and all of such ratios are less than 75%. The Disposals constitute a major transaction for the Company and are subject to the notification, publication and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Landsea Group through its direct and indirect wholly-owned subsidiaries, is interested in 2,802,697,771 Shares, representing approximately 59.35% of the total number of Shares in issue. Landsea Group is the controlling shareholder of the Company and a connected person of the Company. Each of the Second Purchaser, the Third Purchaser, the Fourth Purchaser and the Fifth Purchaser is a wholly-owned subsidiary of Landsea Group, thus each of them is a connected person of the Company. The Disposals constitute connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Landsea Group and its associates and Mr. Tian, an executive Director who has an interest in Landsea Group, and his associates, will abstain from voting at the SGM regarding the Disposals in accordance with the Listing Rules.

GENERAL

An Independent Board Committee has been formed to give advice to the Independent Shareholders on how they should vote in relation to each of the Agreements and the transactions contemplated thereunder and their advice will be included in the circular to be despatched to the Shareholders. Red Sun has been appointed to advise the Independent Board Committee and the Independent Shareholders on the Disposals.

The SGM will be convened and held for the purpose of considering and, if thought fit, approving the resolution(s) in respect of the Agreements and the transactions contemplated thereunder.

A circular containing, inter alia, (i) further information regarding the Disposals; (ii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Disposals; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Disposals; (iv) other information required under the Listing Rules; and (v) a notice convening the SGM, will be despatched to the Shareholders on or before 3 June 2019.

Completion of the Disposals is subject to the fulfillment of the conditions precedent set out in the Agreements and may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

VALUATION

According to the valuation report with the number of Tian Xing Su Zizi (2019) No.0017 and No.0018 issued by Pan-China Assets Appraisal Co., Ltd. dated 6 May 2019 with respect to the First and Third Target, the valuation of the entire equity interests of each of the foregoing companies as at the Valuation Date has been prepared based on income approach with discounted cash flow method. In this respect, such valuation constitutes a profit forecast for the purpose of Rule 14.61 of the Listing Rules. The requirements under Rule 14.62 of the Listing Rules are applicable.

For the purpose of complying with Rule 14.62 of the Listing Rules, the principal assumptions upon which the Profit Forecast is based are as follows:

(a) In respect of the First Target:

(1) General assumptions

1. Transaction assumption: all assets to be appraised were assumed to be in the course of trading. The appraisers valued the assets according to simulated trade terms.

2. Open market assumption: open market assumption is an assumption for the conditions of assets proposed to enter the market and how the assets will be affected under such market conditions. Open market refers to the fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal standing and have opportunities and time to access sufficient market information; parties to the transaction trade voluntarily, rationally, under no compulsion and without restriction.
3. Continuous use assumption: continuous use assumption is an assumption about the conditions of assets proposed to enter the market and status of the assets under such market conditions. It is assumed that, firstly, the evaluated assets are under use, and secondly, the assets under use will be used continuously. Under the continuous use assumption, change of uses of assets and the best conditions of use are not taken into account, and the scope of use of the appraisal results is limited.
4. Going-concern assumption: an evaluation made on the overall assets of enterprise as the appraised target. That means the enterprise, as the business entity, continues to operate towards its business goals under the external environment it is in. The business operator is responsible for and capable of taking up obligations; the enterprise operates in a lawful manner and makes appropriate profit to maintain the ability to operate in ongoing concern.

(2) *Specific assumptions*

1. There is no material change to the relevant prevailing laws, regulations and policies, and in the macroeconomic situation of the PRC; there is no material change in political, economic and social environment of the regions where the parties to this transaction are in; there are no other unforeseeable circumstances or force majeure which cause material adverse changes.
2. It is assumed that the operator of Landsea Apartment is responsible and the management and core members of the team remain stable in the future.
3. Unless otherwise illustrated, it is assumed that Landsea Apartment is in full compliance with all relevant laws and regulations.
4. It is assumed that the accounting policies to be adopted by Landsea Apartment in the future will be basically consistent with those adopted in compiling this valuation in material respects.
5. It is assumed that on the basis of the existing way of management and governance level of Landsea Apartment, the scope and manner of operation is in line with the current directions.
6. There are no material changes in the relevant interest rate, exchange rate, tax bases and tax rates and policy-based levies.

7. There are no other force majeure factors and unforeseeable factors that can lead to material adverse changes to the enterprise.
8. It is assumed that the current property lease contract entered into by Landsea Apartment would continue to be satisfied in the course of operation in the future and the operation cash flow is based on existing property lease contracts.
9. It is assumed that the forecast annual cashflow of Landsea Apartment is generated in a balanced manner.
10. The discount rate used in valuing the First Sale Shares is 12%.
11. It is assumed that the cash flow will grow perpetually from 2024 at a growth rate of 3%.
12. Revenue of Landsea Apartment comes from the operation of long-term rental apartments and consists of rental income and other service income. The rental growth of Landsea Apartment is projected to be 5% per annum during the forecast period from 2019 to 2024. Other service income is projected with reference to rental income. The occupancy rate of the long-term rental apartments in 2019 is forecasted with reference to the current actual occupancy rate. For apartments located in core areas, occupancy rate is projected to be 90% from 2020 to 2022 and estimated to increase to 95% from 2023 to the perpetual period. For apartments located in other cities and areas, occupancy rate is projected to be 85% in 2020 and estimated to increase to 90% from 2021 to 2023 and 95% from 2023 to the perpetual period.
13. It is assumed that the current property lease contracts entered into by Landsea Apartment with vendors would be continued to run until the end of the existing lease contracts. Upon the expiry of the existing lease contract, it is assumed the lease will be renewed with substantially the same terms to the original lease terms until perpetuation matching the projection period of the rental income for Landsea Apartment.
14. Cost of sales mainly consists of property rental expense, property management expenses and other operating cost. Property rental expenses and property management expenses are based on existing contracts, and other operating cost is projected with reference to revenue and the cost to revenue ratio is assumed to remain constant at historical level.
15. It is assumed that a major decoration will be carried out upon the renewal of each individual property lease contract to maintain the condition of the properties. The decoration cost is projected based on inflation adjusted initial decoration cost which is not higher than RMB3,000 per square meter according to the location, orientation and current status of leased properties.

(b) In respect of the Third Target:

(I) General assumptions

1. Transaction assumption: all assets to be appraised were assumed to be in the course of trading. The appraisers valued the assets according to simulated trade terms.
2. Open market assumption: open market assumption is an assumption for the conditions of assets proposed to enter the market and how the assets will be affected under such market conditions. Open market refers to the fully developed and sound market conditions, which is a competitive market with voluntary purchasers and sellers, and in which purchasers and sellers are of equal standing and have opportunities and time to access sufficient market information; parties to the transaction trade voluntarily, rationally, under no compulsion and without restriction.
3. Continuous use assumption: continuous use assumption is an assumption about the conditions of assets proposed to enter the market and status of the assets under such market conditions. It is assumed that, firstly, the evaluated assets are under use, and secondly, the assets under use will be used continuously. Under the continuous use assumption, change of uses of assets and the best conditions of use are not taken into account, and the scope of use of the appraisal results is limited.
4. Going-concern assumption: an evaluation made on the overall assets of enterprise as the appraised target. That means the enterprise, as the business entity, continues to operate towards its business goals under the external environment it is in. The business operator is responsible for and capable of taking up obligations; the enterprise operates in a lawful manner and makes appropriate profit to maintain the ability to operate in ongoing concern.

(II) Specific assumptions

1. There will be no material change to the relevant prevailing laws, regulations and policies or macro-economic situations of China as well as the political, economic and social environment of regions where each party of this transaction is located; there will be no material adverse effect caused by other unforeseeable factors or force majeure.
2. It is assumed that the operators of the enterprise are responsible and its management and core team members will remain stable in the future.
3. It is assumed that the enterprise complies with all relevant laws and regulations unless otherwise indicated.
4. It is assumed that the accounting policies to be adopted by the enterprise in the future will be in line with those adopted when preparing this valuation in all material aspects.

5. There will be no material change in the interest rates, exchange rates, tax bases, tax rates and charges arising from government policies.
6. There will be no other force majeure or unforeseeable factors which will have material adverse impacts on the enterprise.
7. It is assumed that the forecast annual cashflow of Shenlu Property is generated in a balanced manner.
8. It is assumed that the services of the enterprise subsequent to the benchmark date can maintain current market competitive position.
9. Revenue of Shenlu Property currently includes property management services from individual property owners and those from property developers, which are fellow subsidiaries or joint ventures and associates of the Company. It is assumed that Shenlu Property will continue to carry out property services to individual property owners where there are property management contract signed, but no longer to property developers. Revenue from individual property owners is estimated based on 1) property management fee per square meter and 2) total square meters of the contract at hand.
10. The discount rate used in valuing the Third Sale Shares is 12%.
11. It is assumed that the cash flow will grow perpetually from 2024 at a rate of 3% per annum.
12. Cost of sales and operating expenses mainly consists of staff costs and other costs and expenses. Staff cost includes fixed salary which remain basically unchanged and bonus which is assumed to remain constant at historical level with reference to revenue. Other costs and expenses are projected with reference to revenue and assumed to remain constant at historical level.

The Board has reviewed the principal assumptions upon which the Profit Forecast was based on and are of the view that the Profit Forecast was made after due care and enquiry.

The Reporting Accountant has also reviewed the arithmetical accuracy of the calculations of the discounted cash flow approach upon which the valuation prepared by the Valuer was based on.

A letter from the Board and reports from the Reporting Accountant are included in the appendices to this announcement for the purpose of Rule 14.62 of the Listing Rules.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
Pan-China Assets Appraisal Co., Ltd	Independent professional asset valuer. It is a firm established upon the approval of the Ministry of Finance of the PRC to provide asset valuation services in the PRC
PricewaterhouseCoopers	Certified Public Accountants, Hong Kong

As at the date of this announcement, each of the Valuer and the Reporting Accountant does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for securities in any member of the Group.

Each of the Valuer and the Reporting Accountant has given and has not withdrawn its consent to the publication of this announcement with inclusion of its respective reports and all references to its name in the form and context in which it appears in this announcement.

(2) EXEMPT CONTINUING CONNECTED TRANSACTIONS

(a) Connected and continuing connected transaction in relation to the construction design services

1. The Construction Design Service Agreements

As at the date of this announcement, the Second Target and certain subsidiaries of the Company had entered into the Construction Design Service Agreements in relation to the provision of certain construction design services by the Second Target to the Group.

Upon completion of the Second Agreement, the Second Target will be a wholly-owned subsidiary of Landsea Group, the controlling shareholder of the Company and a connected person of the Company. The Second Target will therefore become a connected person of the Company by virtue of being an associate of Landsea Group. As such, the Construction Design Service Agreements and the transactions contemplated thereunder will constitute connected transactions of the Company under the Listing Rules.

The principal terms of the Construction Design Service Agreements are summarized as follows:

				Service fee per square meter
Date	Parties	Services	Service fees	
1. January 2018	(1) Second Target	Design Service	Total contract amount: RMB2.2 million	RMB60/m ²
	(2) Shenzhen Huichuangyan Technology Limited* (Note)		First payment: payment ratio 20%, payment amount RMB0.44 million, paid within 7 working days after the contract is signed; Second payment: payment ratio 30%, payment amount RMB0.66 million, paid within 7 working days after the drawings about architectural, structure, machine and electricity have been submitted by party (1) and have been confirmed by party (2); Third payment: payment ratio 40%, payment amount RMB0.88 million, paid within 7 working days after the drawings about indoor decoration design have been submitted by party (1) and have been approved by party (2); Fourth payment: payment ratio 10%, payment amount RMB0.22 million, paid within 7 days after the project has passed the inspection or is put in use.	
2. January 2016	(1) Second Target	Design Service	Total contract amount: RMB188.18 thousand	Not applicable
	(2) Suzhou Langhong Property Limited* (Note)		First payment: RMB60,000 within 10 working days after party (1) has completed the indoor structure amendment, submitted the file and party (2) has confirmed; Second payment: payment amount RMB128.18 thousand, paid within 10 working days after party (1) has submitted all the lobby public area drawings and party (2) has confirmed.	

				Service fee per square meter
Date	Parties	Services	Service fees	
3. May 2016	(1) Second Target	Design Service	Total contract amount: RMB2.1 million	RMB46/m ²
	(2) Shanghai Kunhong Industry Limited* (Note)		First payment: payment ratio 20%, payment amount RMB0.42 million, paid within 7 working days after the contract signed; Second payment: payment ratio 35%, payment amount RMB0.74 million, paid within 7 working days after the model drawings have been submitted by party (1) and have been confirmed by party (2); Third payment: payment ratio 35%, payment amount RMB0.74 million, paid within 7 working days after the project drawings have been submitted by part (1) and have been confirmed by party (2); Fourth payment: payment ratio 10%, payment amount RMB0.20 million, paid within 7 days after the project is completed and has passed the inspection by party (2).	
4. July 2017	(1) Second Target	Design Service	Total contract amount: RMB0.5 million	RMB88/m ²
	(2) Shenzhen Huichuangyan Technology Limited* (Note)		Party (2) should pay all the RMB0.5 million to party (1) within 5 working days after the supplement agreement is signed.	

				Service fee per square meter
Date	Parties	Services	Service fees	
5. 28 June 2018	(1) Second Target	Design Service	Total contract amount: RMB11.1 million	RMB40/m ²
	(2) Suzhou Gaotie Newcity Landsea Property Limited* (Note)		(1) Payment method of regular part design fees: First payment: payment ratio 15%, payment amount RMB1.196 million, paid within 10 working days after the contract is signed (Deposit); Second payment: payment ratio 15%, payment amount RMB1.196 million, paid within 10 working days after party (1) has obtained the programme approved file from the government; Third payment: payment ratio 30%, payment amount RMB2.392 million, paid within 10 working days after party (1) has submitted all the architectural drawings; Fourth payment: payment ratio 8%, payment amount RMB0.598 million, paid within 10 working days after all the architectural drawings party (1) submitted have been approved by inspection; Fifth Payment: payment ratio 8%, payment amount RMB0.598 million, paid within 10 working days after party (1) has obtained the project completion record issued from the local geological supervision department; Sixth payment: payment ratio 24%, payment amount RMB1.85 million, paid after two years since the project has begun to sell and the sold ratio has achieved 90%. (2) Payment method of special part design fees: First payment (Deposit): payment ratio 20%, paid 10 working days after the project has started; Second payment: payment ratio 30%, paid within 10 days after the programme's deeper design has been confirmed by party (2); Third payment: payment ratio 40%, paid within 10 working days after the special architectural drawings have been confirmed by party (2); Fourth payment: payment ratio 10%, paid within 10 working days when the special project is completed and has been verified to be qualified by party (2) and government.	

				Service fee per square meter
Date	Parties	Services	Service fees	
6. January 2018	(1) Second Target	Design Service	Total contract amount: RMB910.12 thousand	Not applicable
	(2) Nanjing Landsea Investment Management Limited* (Note)		(1) Model room and hall decoration design payment First payment: payment ratio 40%, payment amount RMB300 thousand, paid after party (1) has completed the programme design; Second payment: payment ratio 40%, payment amount RMB300 thousand, paid after party (1) has submitted the programme drawings; Third payment: payment ratio 20%, payment amount RMB150 thousand, paid after party (1) has submitted all the architectural design drawings including the effect map; (2) Material showing hall decoration design payment First payment: payment ratio 50%, payment amount RMB30 thousand, paid after party (1) has submitted all the programme design drawings including the effect map; Second payment: payment ratio 50%, payment amount RMB30 thousand, paid after the project is completed and has passed the check.	
7. January 2018	(1) Second Target	Design Service	Total contract amount: RMB152.8 thousand	RMB80/m ²
	(2) Zhongfu Yiyang (Tianjin) Property Limited* (Note)		First payment: payment ratio 20%, payment amount RMB30.56 thousand, paid within 10 working days after the contract is signed; Second payment: payment ratio 30%, payment amount RMB45.84 thousand, paid within 10 working days after party (1) has submitted the architectural design drawings; Third payment: payment ratio 40%, payment amount RMB61.12 thousand, paid within 10 working days after the architectural design drawings have passed the inspection by party (2); Fourth payment: payment ratio 10%, payment amount RMB15.28 thousand, paid with 10 working days after obtaining the project completion record from the local geology inspection department.	

				Service fee per square meter
Date	Parties	Services	Service fees	
8. July 2016	(1) Second Target	Design Service	Total contract amount: RMB2.44 million	RMB27/m ²
	(2) Zhongfu Yiyang (Tianjin) Property Limited* (Note)		First payment: payment ratio 20%, payment amount RMB0.49 million, paid within 10 working days after the contract is signed; Second payment: payment ratio 25%, payment amount RMB0.61 million, paid within 10 working days after party (1) has submitted the architectural design drawings; Third payment: payment ratio 25%, payment amount RMB0.61 million, paid within 10 working days after the architectural design drawings have passed the inspection; Fourth payment: payment ratio 20%, payment amount RMB0.49 million, paid within 10 working days after the project has passed the major part check; Fifth payment: payment ratio 10%, payment amount RMB0.24 million, paid with 10 working days after obtaining the project completion record from the local geology inspection department.	
9. January 2018	(1) Second Target	Design Service	Total contract amount: RMB17.3 million	RMB24/m ²
	(2) Suqian Landsea Property Limited* (Note)		First payment: payment ratio 17%, payment amount RMB3.088 million, paid within 10 working days after the contract is signed; Second payment: payment ratio 27%, payment amount RMB4.632 million, paid within 10 working days after party (1) has obtained get the programme approved file from the government; Third payment: payment ratio 27%, payment amount RMB4.632 million, paid within 10 working days after all the architectural drawings party (1) submitted have been approved by inspection; Fourth payment: payment ratio 9%, payment amount RMB1.644 million, paid within 10 days after the project has passed the major part inspection; Fifth payment: payment ratio 9%, payment amount RMB1.644 million, paid within 7 days after the project has passed the completion inspection.	

				Service fee per square meter
Date	Parties	Services	Service fees	
10. March 2017	(1) Second Target	Design Service	Total contract amount: RMB13.83 million	RMB30/m ²
	(2) Suzhou Langkun Property Limited* (Note)		First payment: payment ratio 20%, payment amount RMB2.77 million, paid within 10 working days after the contract is signed; Second payment: payment ratio 20%, payment amount RMB2.77 million, paid within 10 working days after party (1) has obtained the programme approved file from the government; Third payment: payment ratio 30%, payment amount RMB4.15 million, paid within 10 working days after all the architectural drawings party (1) submitted have been approved by inspection; Fourth payment: payment ratio 20%, payment amount RMB2.77 million, paid within 10 days after the project has passed the major part inspection; Fifth payment: payment ratio 10%, payment amount RMB1.38 million, paid with in 7 days after the project has passed the completion inspection.	
11. July 2018	(1) Second Target	Design Service	Total contract amount: RMB820 thousand	Not applicable
	(2) Tianjin Landsea Management Consulting Limited*		First payment: payment ratio 10%, payment amount RMB82 thousand, paid within 10 working days after the contract is signed; Second payment: payment ratio 50%, payment amount RMB410 thousand, paid within 22 working days after party (1) has submitted the design drawing and passed the outside inspection; Third payment: payment ratio 30%, payment amount RMB246 thousand, paid within 22 working days after all the haze removal and new wind system have achieved the design standard; Fourth payment: payment ratio 10%, payment amount RMB82 thousand, paid within 23 days after the haze removal and new wind system have normally operated for 1 year.	

				Service fee per square meter
Date	Parties	Services	Service fees	
12. July 2016	(1) Second Target	Design Service	Total contract amount: RMB2.0 million	RMB27/m ²
	(2) Zhongfu Yiyang (Tianjin) Property Limited*		First payment: payment ratio 20%, payment amount RMB0.4 million, paid within 10 working days after the contract is signed; Second payment: payment ratio 25%, payment amount RMB0.5 Million, paid within 10 working days after party (1) has submitted the architectural design drawings; Third payment: payment ratio 25%, payment amount RMB0.5 million, paid within 10 working days after the architectural design drawings have passed the inspection; Fourth payment: payment ratio 20%, payment amount RMB0.4 million, paid within 10 days after the project has passed the major part check; Fifth payment: payment ratio 10%, payment amount RMB0.2 million, paid within 10 working days after obtaining the project completion record from the local geology inspection department.	
13. July 2016	(1) Second Target	Design Service	Total contract amount: RMB2.19 million	RMB26/m ²
	(2) Zhongfu Yiyang (Tianjin) Property Limited*		First payment: payment ratio 20%, payment amount RMB0.44 million, paid within 10 working days after the contract is signed; Second payment: payment ratio 25%, payment amount RMB0.55 million, paid within 10 working days after party (1) has submitted the architectural design drawings; Third payment: payment ratio 25%, payment amount RMB0.55 million, paid within 10 working days after the architectural design drawings have passed the inspection; Fourth payment: payment ratio 20%, payment amount RMB0.44 million, paid within 10 days after the project has passed the major part check; Fifth payment: payment ratio 10%, payment amount RMB0.21 million, paid within 10 working days after obtaining the project completion record from the local geology inspection department.	

				Service fee per square meter
Date	Parties	Services	Service fees	
14. May 2018	(1) Second Target	Technology Consulting Service	Total contract amount: RMB0.9 million	Not applicable
	(2) Suqian Landsea Property Limited*		First payment: payment ratio 20%, payment amount RMB0.18 million, paid within 10 working days after the contract is signed;	
			Second payment: payment ratio 20%, payment amount RMB0.18 million, paid within 10 working days after party (1) has submitted the materials about green architectural housing and public construction design three stars to the government;	
			Third payment: payment ratio 10%, payment amount RMB0.09 million, paid within 10 working days after the project has obtained the sign of green architectural housing and public construction design three stars;	
			Fourth payment: payment ratio 20%, payment amount RMB0.18 million, paid within 10 days after party (1) has submitted the materials about green architectural housing and public construction operation three stars to the government;	
			Fifth payment: payment ratio 30%, payment amount RMB0.27 million, paid within 10 working days after the project has obtained the sign of green architectural housing and public construction operation three stars;	
15. January 2018	(1) Second Target	Design Service	Total contract amount: RMB1.55 million	Not applicable
	(2) Tianjin Landsea Management Consulting Limited*		First payment: payment ratio 10%, payment amount RMB0.155 million, paid within 10 working days after the contract is signed;	
			Second payment: payment ratio 50%, payment amount RMB0.755 million, paid within 10 working days after party (1) has submitted the materials about green architectural housing and public construction design three stars to the government;	
			Third payment: payment ratio 30%, payment amount RMB0.465 million, paid within 10 working days after the project has obtained the sign of green architectural housing and public construction design three stars;	
			Fourth payment: payment ratio 10%, payment amount RMB0.155 million, paid within 10 days after party (1) has submitted the materials about green architectural housing and public construction operation three stars to the government;	

				Service fee per square meter
Date	Parties	Services	Service fees	
16. September 2015	(1) Second Target (2) Nanjing Xueheng Property Limited*	Design Service	Total contract amount: RMB5.4 million First payment: payment ratio 20%, payment amount RMB1.08 million, paid within 7 working days after the contract is signed; Second payment: payment ratio 30%, payment amount RMB1.63 million, paid within 7 working days after party (1) has submitted the terminal planning drawings; Third payment: payment ratio 20%, payment amount RMB1.08 million, paid within 10 working days after the terminal planning drawings have passed the inspection; Fourth payment: payment ratio 20%, payment amount RMB1.08 million, paid within 7 days after party (1) has submitted the ground source buried bump design drawing and computer machine room system design drawing. Party (2) shall check the ground area and construction area, final account the design fee based on the charging standard, and pay the difference between the accrued amount and the final accounted amount; Final payment: party (2) paid the remaining fee confirmed by the way mentioned in the last point within 7 working days after the project is completed and passed the final verified check;	RMB28/m ²

				Service fee per square meter
Date	Parties	Services	Service fees	
17. 23 April 2016	(1) Second Target	Design Service	Total contract amount: RMB1.3 million	RMB25/m ²
	(2) Nanjing Landsea Investment Management Limited*		First payment: payment ratio 20%, payment amount RMB260 thousand, paid within 10 working days after the contract is signed; Second payment: payment ratio 20%, payment amount RMB260 thousand, paid within 10 working days after party (1) has obtained the primary design approved note and planning approved file from the government; Third payment: payment ratio 30%, payment amount RMB390 thousand, paid within 10 working days after party (1) has submitted the project J version differentiation architectural design drawings and passed the inspection; Fourth payment: payment ratio 20%, payment amount RMB260 thousand, paid within 10 days after the major part of the project has passed the verified check; Fifth payment: payment ratio 9%, payment amount RMB1.544 million, paid within 7 working days after the project is completed and has passed the final verified check.	

				Service fee per square meter
Date	Parties	Services	Service fees	
18. June 2018	(1) Second Target	Design Service	Total contract amount: RMB17.3 million	RMB24/m ²
	(2) Suqian Landsea Property Limited*		First payment: payment ratio 17%, payment amount RMB3.088 million, paid within 10 working days after the contract is signed; Second payment: payment ratio 27%, payment amount RMB4.632 million, paid within 10 working days after party (1) has obtained the planning approved file from the government; Third payment: payment ratio 27%, payment amount RMB4.632 million, paid within 10 working days after the project architectural design drawings have passed the inspection; Fourth payment: payment ratio 9%, payment amount RMB1.544 million, paid within 10 days after the major part of the project has passed the verified check; Fifth payment: payment ratio 9%, payment amount RMB1.544 million, paid within 7 working days after the project is completed and has passed the final verified check;	

				Service fee per square meter
Date	Parties	Services	Service fees	
19. August 2018	(1) Second Target	Technology Consulting	Total contract amount: RMB0.9 million	Not applicable
	(2) Suqian Landsea Property Limited*	Service	First payment: payment ratio 20%, payment amount RMB0.18 million, paid within 10 working days after the contract is signed;	
			Second payment: payment ratio 20%, payment amount RMB0.18 million, paid within 10 working days after party (1) has submitted the materials about green architectural housing and public construction design three stars to the government;	
			Third payment: payment ratio 10%, payment amount RMB0.09 million, paid within 10 working days after the project has obtained the sign of green architectural housing and public construction design three stars;	
			Fourth payment: payment ratio 20%, payment amount RMB0.18 million, paid within 10 days after party (1) has submitted the materials about green architectural housing and public construction operation three stars to the government;	
			Fifth payment: payment ratio 30%, payment amount RMB0.27 million, paid within 10 working days after the project has obtained the sign of green architectural housing and public construction operation three stars.	

Note: A wholly-owned subsidiary of the Company

* For identification purpose only

The service fees have been determined with reference to the price previously charged by the Second Target to independent third parties, and the market price for similar services from independent third parties.

Reasons and benefits

The Group entered into the Construction Design Service Agreements for the purpose of receiving from the Second Target construction design services and construction design consulting services during the development of the property projects of the Group. The Company is of the view that the Second Target, which possesses extensive knowledge and experience in construction design services and construction design consulting, can facilitate the development of the property projects of the Group through the services it provides to the Group under the Construction Design Service Agreements.

The Directors (excluding Mr. Tian and including the independent non-executive Directors) consider that it is beneficial to the Group that the Construction Design Service Agreements confirm. The Directors (excluding Mr. Tian and including the independent non-executive Directors) also consider that the Construction Design Service Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company, and are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. *The Framework Construction Design Service Agreement*

Upon completion of the Second Agreement, it is expected that the Second Target will continue to provide construction design services to other new projects of the Group. Therefore, on 10 May 2019, the Company and the Second other new projects of Target entered into the Framework Construction Design Service Agreement to govern the provision of construction design services by the Second Target to Group for a term from the date of Second Completion to 31 December 2021. The Framework Construction Design Service Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

The principal terms of the Framework Construction Design Service Agreement are set out below:

Date

10 May 2019

Parties

- (1) the Company; and
- (2) the Second Target.

Subject matter

The Company and its subsidiaries will entrust the Second Target with the construction design services and construction design consulting services during the development and construction of the property projects of the Group.

Pricing and payment

The price for the provision of the construction design services and construction design consulting services by the Second Target pursuant to the Framework Construction Design Service Agreement will be determined based on the prevailing market price or on the pricing standard provided by the Second Target to independent third parties, and will be not higher than the price provided by the Second Target to independent third parties.

The payment terms of the construction design services and construction design consulting services will be on normal commercial terms and common practice, and are not more favorable than those terms offered by the Group to independent third parties.

The pricing and payment terms are mainly based on (1) the price previously charged by the Second Target to independent third parties; and (2) arm's length negotiation by taking into account the market price for similar services charged by the Second Target from independent third parties.

In order to make sure the service prices charged by the Second Target are on normal commercial terms and are not less favourable than those offered to independent third parties, the Group will ask quotation from independent third parties and conduct inspection to review and assess whether the services are carried out pursuant to the relevant agreement and are not less favourable than those terms offered to independent third parties before entering into any new transaction.

Condition

The Framework Construction Design Service Agreement is conditional upon Second Completion having occurred.

Term

The fixed term of the Framework Construction Design Service Agreement is commencing from the date of Second Completion to 31 December 2021.

Annual caps

The annual caps for the construction design services and construction design consulting services under the Framework Construction Design Service Agreement for the period from the date of Second Completion to 31 December 2021 are as below:

Period	Annual cap RMB'million
The date of Second Completion to 31 December 2019	9
For the year ended 31 December 2020	9
For the year ended 31 December 2021	3.5

The annual caps are determined by reference to the expected demand for construction design services for the property projects of the Group for the period commencing from the date of Second Completion to 31 December 2021, the service fees previously charged (details of which are set out in the table above under the section headed "(2)(a)1. The Construction Design Services Agreements") and the prevailing market price.

Reasons and benefits

As mentioned above, the Company is of the view that the Second Target, which possesses extensive knowledge and experience in construction design services and construction design consulting, can facilitate the development of the property projects of the Group through the services it provides to the Group.

The Directors (excluding Mr. Tian and including the independent non-executive Directors) consider that it is beneficial to the Group to continue to receive construction design services and construction design consulting services from the Second Target under the Framework Construction Design Service Agreement. The Directors (excluding Mr. Tian and including the independent non-executive Directors) also consider that the Framework Construction Design Service Agreement is on normal commercial terms and in the ordinary and usual course of business of the Company, and is therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the Board meeting held for approving the Framework Construction Design Service Agreement, (i) Mr. Tian was deemed to have interest in the transactions contemplated under the Framework Construction Design Service Agreement; and (ii) as Mr. Tian is the controlling shareholder of Landsea Group, Mr. Tian was also deemed to have interest in the transactions contemplated under the Framework Construction Design Service Agreement. Therefore, Mr. Tian has abstained from voting in respect of the resolutions approving the Framework Construction Design Service Agreement.

(b) Continuing connected transaction in relation to the property management services

1. The Property Management Service Agreements

As at the date of this announcement, the Third Target and certain subsidiaries of the Company had entered into the Property Management Service Agreements in relation to the provision of certain property management services by the Third Target to such subsidiaries of the Company.

Upon completion of the Third Agreement, the Third Target will be a wholly-owned subsidiary of Landsea Group, the controlling shareholder of the Company and a connected person of the Company. The Third Target will therefore become a connected person of the Company by virtue of being an associate of Landsea Group. As such, the Property Management Service Agreements and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

The principal terms of the Property Management Service Agreements are summarized as follows:

Date	Parties	Term	Services	Service fees
1. January 2019	(1) Third Target (2) Nanjing Landsea Investment Limited (Note)	1 January 2019 to 31 December 2019	office property management services	RMB3,600,000
2. January 2019	(1) Third Target (2) Nanjing Langshiyu Business Management Limited (Note)	1 January 2019 to 31 December 2019	office property management services	RMB2,020,000
3. April 2018	(1) Third Target (2) Shanghai Landsea Investment Limited (Note)	Until sales office closed	house repair and management service	RMB130,000 per month

Note: A wholly-owned subsidiary of the Company.

The service fees have been determined with reference to the price previously charged by the Third Target to independent third parties, and the market price for similar services from independent third parties.

Reasons and benefits

The Group entered into the Property Management Service Agreements for the purpose of receiving from the Third Target property management services for the property projects of the Group. The Company is of the view that the Third Target, which possesses extensive knowledge and experience in property management services, can facilitate the development and enhance of the quality of the property projects of the Group through the services it provides to the Group under the Property Management Service Agreements.

The Directors (excluding Mr. Tian and including the independent non-executive Directors) consider that it is beneficial to the Group to continue to enter into the Property Management Service Agreements. The Directors (excluding Mr. Tian and including the independent non-executive Directors) also consider that the Property Management Service Agreements are on normal commercial terms and in the ordinary and usual course of business of the Company, and are therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. *The Framework Property Management Service Agreement*

Reference is made to the announcement of the Company dated 25 December 2017 in respect of certain continuing connected transactions with Landsea Group contemplated under the Property Management Services and Consulting Agreement. On 25 December 2017, the Company and Landsea Group entered into the Property Management Service and Consulting Agreement pursuant to which Landsea Group and its subsidiaries shall provide property management services and property consulting services to the Group for a fixed term of three years from 1 January 2018 to 31 December 2020.

On 10 May 2019, the Company and Landsea Group entered into the Framework Property Management Service Agreement pursuant to which Landsea Group and its subsidiaries shall provide property management services and property consulting services to the Group for a fixed term from the date of Third Completion to 31 December 2021. The Framework Property Management Service Agreement will supersede and replace the Property Management Service and Consulting Agreement with effect from the date of Third Completion. The Framework Property Management Service Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

The principal terms of the Framework Property Management Service Agreement are summarized below:

Date

10 May 2019

Parties

- (1) the Company; and
- (2) Landsea Group.

Subject matter

The Company and its subsidiaries will entrust Landsea Group and its subsidiaries with the property management services and property consulting services for the property projects of the Group.

Pricing and payment

The price for the provision of the property management services and property consulting services by Landsea Group and its subsidiaries pursuant to the Framework Property Management Service Agreement will be determined based on the prevailing market price or on the pricing standard provided by Landsea Group and its subsidiaries to independent third parties, and will be not higher than the price provided by Landsea Group and its subsidiaries to independent third parties.

The payment terms of the property management services and property consulting services will be on normal commercial terms and common practice, and are not more favorable than those terms offered by the Group to independent third parties.

The pricing and payment terms are mainly based on (1) the price previously charged by Landsea Group to independent third parties; and (2) arm's length negotiation by taking into account the market price for similar services charged by Landsea Group and its subsidiaries from independent third parties.

In order to make sure the service prices charged by Landsea Group and its subsidiaries are on normal commercial terms and are not less favourable than those offered to independent third parties, the Group will ask quotation from independent third parties and conduct inspection to review and assess whether the services are carried out pursuant to the relevant agreement and are not less favourable than those terms offered to independent third parties before entering into any new transaction.

Condition

The Framework Property Management Service Agreement is conditional upon Third Completion having occurred.

Term

The fixed term of the Framework Property Management Service Agreement is from the date of Third Completion to 31 December 2021.

Annual caps

The annual caps for the property services and property consulting services under the Framework Property Management Service Agreement for the period from the date of Third Completion to 31 December 2021 are as below:

Period	Annual cap RMB'million
The date of Third Completion to 31 December 2019	50
For the year ended 31 December 2020	50
For the year ended 31 December 2021	50

The annual caps are determined by reference to the increase in demand for property management services and property consulting services for the property projects of the Group from Landsea Group for the period from the date of Third Completion to 31 December 2021 taking into account the proposed disposal of the Third Target to Landsea Group contemplated under the Third Agreement, the service fees previously charged and the prevailing market price.

The details of the service fees previously charged under the Property Management Service Agreements are set out in the table above under the section headed “(2)(b)1. The Property Management Service Agreements”.

The following table shows the service fees previously paid by the Company to Landsea Group for the property management services and property consulting services for the property projects of the Group under the Property Management Service and Consulting Agreement:

	For the year ended 31 December 2018	1 January 2019 to 9 May 2019
Fees paid by the Company to Landsea Group for the provision of the property management services and property consulting services	RMB5,507,000	RMB2,000,000 (Since the audited figure for the fees paid by the Company to Landsea Group for the provision of the property management services and property consulting services during this period is not yet available, the above figure is only an estimate. The Company confirms that the amount of service fees paid for this period has not exceeded the annual cap for the year ending 31 December 2019 under the Property Management Service and Consulting Agreement)
Annual cap	RMB7 million (annual cap for the year ending 31 December 2018 under the Property Management Service and Consulting Agreement)	RMB4 million (annual cap for the year ending 31 December 2019 under the Property Management Service and Consulting Agreement)

Reasons and benefits

The Company is of the view that Landsea Group and its subsidiaries, which possess extensive knowledge and experience in property management services and property consulting, can facilitate the development of the property projects of the Group through the services it provides to the Group.

The Directors (excluding Mr. Tian and including the independent non-executive Directors) consider that it is beneficial to the Group to continue to receive property management services and property consulting services from Landsea Group and its subsidiaries under the Framework Property Management Service Agreement. The Directors (excluding Mr. Tian and including the independent non-executive Directors) also consider that the Framework Property Management Service Agreement is on normal commercial terms and in the ordinary and usual course of business of the Company, and is therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

At the Board meeting held for approving the Framework Property Management Service Agreement, (i) Mr. Tian was deemed to have interest in the transactions contemplated under the Framework Property Management Service Agreement; and (ii) as Mr. Tian is the controlling shareholder of Landsea Group, Mr. Tian was also deemed to have interest in the transactions contemplated under the Framework Property Management Service Agreement. Therefore, Mr. Tian has abstained from voting in respect of the resolutions approving the Framework Property Management Service Agreement.

(c) Continuing connected transactions in relation to the lease between Nanjing Landsea Apartment and Xinbeisheng

On 1 February 2017, Xinbeisheng, a wholly-owned subsidiary of the Company, as landlord and Nanjing Landsea Apartment, a wholly-owned subsidiary of the First Target, as tenant, entered into the Rental Agreement, pursuant to which Xinbeisheng agreed to lease the Property to Nanjing Landsea Apartment for a term of 15 years from 1 February 2017 to 30 January 2031.

Upon completion of the First Agreement, the First Target and its subsidiaries, including Nanjing Landsea Apartment, will be wholly-owned subsidiaries of Landsea Group, the controlling shareholder of the Company and a connected person of the Company. Nanjing Landsea Apartment will therefore become a connected person of the Company by virtue of being an associate of Landsea Group. As such, the Rental Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

The principal terms of the Rental Agreement are summarized as follows:

Date: 1 February 2017

Parties: (1) Xinbeisheng as landlord
(2) Nanjing Landsea Apartment as tenant

Term: 15 years from 1 February 2017 to 30 January 2031

Premises: 11 buildings at Chang Ying Cun, Mai Gao Qiao (邁皋橋長營村)

Area: 5,728.9 square meters

Rental:

Year	Per day (RMB/ square meter) (tax-inclusive)	Per month (RMB/ square meter) (tax-inclusive)	Per month (RMB) (tax-inclusive)
2017	0.68	20.7	118,744.50
2018–2019	1.25	38	217,698.20
2020–2022	1.29	39.1	223,999.99
2023–2025	1.33	40.3	230,874.67
2026–2028	1.37	41.5	237,749.35
2029–2031	1.41	42.7	244,624.03

The rent was determined by the parties with reference to the prevailing market rental levels.

Termination:

The Rental Agreement may be terminated by written consent from both parties. In addition, either party may terminate the Rental Agreement if any of the following occurs:

- (a) a force majeure event happens as a result of which the obligations under the Rental Agreement cannot be performed for three months or longer;
- (b) the rights and interest in relation to the Property are restricted by the government or there exists any law, regulation or government intervention resulting in a loss of business practicability of the performance of the Rental Agreement in any material respect; or
- (c) the tenant failing to obtain the relevant permit from the fire department during the renovation period.

Reasons and benefits

By leasing the Property, the Group is able to receive a reasonable rental income.

The terms of the Rental Agreement were determined after arm's length negotiations between the parties. The Directors (excluding Mr. Tian and including the independent non-executive Directors) consider that it is beneficial to the Group to continue to rent the Property pursuant to the terms of the Rental Agreement. The Directors (excluding Mr. Tian and including the independent non-executive Directors) also consider that the Rental Agreement is on normal commercial terms and in the ordinary and usual course of business of the Company, and is therefore fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the Property Management Service Agreements and the Rental Agreement. The Company will comply with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the Property Management Service Agreements and/or the Rental Agreement.

References are made to (i) the announcement of the Company dated 13 February 2018 in relation to, among others, the Decoration Services Agreement entered into between the Company and Landsea Group and (ii) the announcement of the Company dated 2 November 2018 in relation to, among others, the Services Framework Agreement between the Company and Landsea Group. As one of the parties to the Decoration Services Agreement, the Services Framework Agreement, the Framework Construction Design Service Agreements, the Framework Property Management Service Agreement and the Rental Agreement is or will be Landsea Group or its subsidiaries, the transactions contemplated under the aforesaid agreements will be aggregated pursuant to Rule 14A.83 of the Listing Rules. As the applicable ratios calculated in relation to the respective transactions under the aforesaid agreements, as aggregated, exceed 0.1% but are less than 5%, the transactions contemplated under the aforesaid agreements are subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Agreements”	the First Agreement, the Second Agreement, the Third Agreement, the Fourth Agreement and the Fifth Agreement
“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Company”	Landsea Green Group Co., Ltd., a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 106)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Construction Design Service Agreements”	the construction design service agreements entered into between the Second Target and certain subsidiaries of the Company in relation to the provision of construction design services to the Group, details of which are set out in the section headed “(2) (a) 1. The Construction Design Service Agreements” in this announcement
“controlling shareholder”	has the meaning ascribed to it in under Listing Rules
“Decoration Services Agreement”	the decoration services framework agreement dated 13 February 2018 entered into by the Company and Landsea Group
“Director(s)”	the director(s) of the Company
“Disposals”	the First Disposal, the Second Disposal, the Third Disposal, the Fourth Disposal and the Fifth Disposal
“Fifth Agreement”	the agreement dated 10 May 2019 entered into between Nanjing Langming, Shanghai Langmao, the Fifth Purchaser and the Fifth Target in relation to the Fifth Disposal
“Fifth Completion”	completion of the Fifth Disposal
“Fifth Disposal”	the disposal of the Fifth Sale Shares and the Fifth Sale Debts
“Fifth Purchaser”	Nanjing Landsea Ecological Agriculture Limited* (南京朗詩生態農業有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Landsea Group
“Fifth Sale Debts”	the outstanding loans due from the Fifth Target to Nanjing Langming as at the date of the Fifth Agreement

“Fifth Sale Shares”	the entire equity interests of the Fifth Target
“Fifth Target” or “Landsea Landscape”	Nanjing Landsea Landscape Limited* (南京朗詩園林景觀有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“First Agreement”	the agreement dated 10 May 2019 entered into between Shanghai Langyu, Nanjing Langming, Shanghai Landsea Investment, Landsea Group and the First Target in relation to the First Disposal
“First Completion”	completion of the First Disposal
“First Disposal”	the disposal of the First Sale Shares and the First Sale Debts
“First Sale Debts”	the outstanding loans due from the First Target to Shanghai Langyu, Nanjing Langming and Shanghai Landsea Investment as at First Completion
“First Sale Shares”	the entire equity interests of the First Target
“First Target” or “Landsea Apartment”	Shanghai Landsea Apartment Industry Development Co., Ltd.* (上海朗詩寓實業發展有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Fourth Agreement”	the agreement dated 10 May 2019 entered into between Nanjing Langming, Shanghai Langkun, the Fourth Purchaser and the Fourth Target in relation to the Fourth Disposal
“Fourth Completion”	completion of the Fourth Disposal
“Fourth Disposal”	the disposal of the Fourth Sale Shares and the Fourth Sale Debts
“Fourth Purchaser”	Nanjing Landsea Shenlu E-Commerce Limited* (南京朗詩深綠電子商務有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Landsea Group
“Fourth Sale Debts”	the outstanding loans due from the Fourth Target to Nanjing Langming as at the date of the Fourth Agreement
“Fourth Sale Shares”	the entire equity interests of the Fourth Target

“Fourth Target” or “Buzhi Life”	Shanghai Buzhi Commercial Management Limited* (上海不紙商業管理有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Framework Construction Design Service Agreement”	the framework agreement dated 10 May 2019 entered into between the Second Target and the Company in relation to the provision of construction design services by the Second Target to the Group
“Framework Property Management Service Agreement”	the framework agreement dated 10 May 2019 entered into between Landsea Group and the Company in relation to the provision of property management services and property consulting services by Landsea Group and its subsidiaries to the Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors established for the purpose of advising the Independent Shareholders on the Agreements and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than (i) Landsea Group and its associates, (ii) Mr. Tian and his associates, and (iii) any other Shareholders who are required by the Listing Rules to abstain from voting in respect of the resolution(s) relating to the Agreements and the transactions contemplated thereunder at the SGM
“Landsea Group”	Landsea Group Co., Ltd.* (朗詩集團股份有限公司), a company established in the PRC with limited liability, the controlling shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	the date falling 90 days from the date of the relevant Agreement

“Mr. Tian”	Mr. Tian Ming, the chairman and executive Director of the Company
“Nanjing Landsea Apartment”	Nanjing Landsea Apartment Commercial Management Limited* (南京朗詩寓商業管理有限公司), a company established in the PRC with limited liability, which is a direct wholly-owned subsidiary of the First Target as at the date of this announcement
“Nanjing Langming”	Nanjing Langming Properties Group Limited* (南京朗銘地產集團有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Profit Forecast”	a profit forecast for the purpose of Rule 14.61 of the Listing Rules, which the valuation of the First Target and the Third Target constitutes
“Property”	the 11 buildings at Chang Ying Cun, Mai Gao Qiao (邁皋橋長營村)
“Property Management Service and Consulting Agreement”	the framework agreement in relation to the property management services and property consulting services dated 25 December 2017 entered into by the Company and Landsea Group
“Property Management Service Agreements”	the property management service agreements entered into between the Third Target and certain subsidiaries of the Company in relation to the provision of property management services to the Group, details of which are set out in the section headed “(2) (b) 1. The Property Management Service Agreement” in this announcement
“Purchasers”	Landsea Group, the Second Purchaser, the Third Purchaser, the Fourth Purchaser and the Fifth Purchaser
“Red Sun”	Red Sun Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Disposals

“Rental Agreement”	the rental agreement dated 1 February 2017 entered into between Xinbeisheng (as landlord) and Nanjing Landsea Apartment (as lessee) in relation to the lease of the Property
“Reporting Accountant”	PricewaterhouseCoopers, a professional firm of Certified Public Accountants
“Second Agreement”	the agreement dated 10 May 2019 entered into between Nanjing Langming, Shanghai Landsea Investment, the Second Purchaser and the Second Target in relation to the Second Disposal
“Second Completion”	completion of the Second Disposal
“Second Disposal”	the disposal of the Second Sale Shares
“Second Purchaser”	Shanghai Landsea Construction Technological Co., Ltd.* (上海朗詩建築科技有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Landsea Group
“Second Sale Shares”	the entire equity interests of the Second Target which are held as to 20% by Shanghai Landsea Investment and 80% by Nanjing Langming
“Second Target” or “Design Co.”	Shanghai Landsea Planning and Architectural Design Co., Ltd.* (上海朗詩規劃建築設計有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Services Framework Agreement”	the venues, facilities and equipment rental and promotional display services framework agreement dated 2 November 2018 entered into between the Company and Landsea Group
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, amongst other things, the Agreements and the transactions contemplated thereunder or any adjournment thereof
“Shanghai Landsea Investment”	Shanghai Landsea Investment Management Limited* (上海朗詩投資管理有限公司), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company

“Shanghai Langkun”	Shanghai Langkun Business Management Co., Ltd.* (上海朗昆企業管理有限公司), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company
“Shanghai Langmao”	Shanghai Langmao Investment Management Limited* (上海朗茂投資管理有限公司), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company
“Shanghai Langyu”	Shanghai Langyu Commercial Management Limited* (上海朗毓商業管理有限公司), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Targets”	the First Target, the Second Target, the Third Target, the Fourth Target and the Fifth Target
“Third Agreement”	the agreement dated 10 May 2019 entered into between Shanghai Landsea Investment, the Third Purchaser and the Third Target in relation to the Third Disposal
“Third Completion”	completion of the Third Disposal
“Third Disposal”	the disposal of the Third Sale Shares
“Third Purchaser”	Nanjing Landsea Property Management Limited* (南京朗詩物業管理有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of Landsea Group
“Third Sale Debts”	the outstanding loans due from the Third Target to Nanjing Langming as at the date of the Third Agreement
“Third Sale Shares”	the entire equity interests of the Third Target
“Third Target” or “Shenlu Property”	Nanjing Landsea Shenlu Property Management Limited* (南京朗詩深綠物業管理有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Valuation Date”	31 March 2019

“Valuer”	Pan-China Assets Appraisal Co., Ltd., an independent professional valuer
“Vendors”	Shanghai Langyu, Nanjing Langming, Shanghai Landsea Investment, Shanghai Langkun and Shanghai Langmao
“Xinbeisheng”	Nanjing Xinbeisheng Investment Management Limited* (南京鑫貝盛投資管理有限公司), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

* for identification purpose only

By Order of the Board
Landsea Green Group Co., Ltd.
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 13 May 2019

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Tian Ming, Ms. Shen Leying, Mr. Wang Lei, Ms. Zhou Qin and Mr. Xie Yuanjian, one non-executive Director, namely Mr. Zhou Yimin, and four independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Ding Yuan, Mr. Lee Kwan Hung and Mr. Chen Taiyuan.

APPENDIX I — LETTER FROM THE BOARD

13 May 2019

The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

Attn: Dear Sirs,

We refer to the announcement of the Company dated 13 May 2019 (the “**Announcement**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation reports dated 6 May 2019 (the “**Valuation Reports**”) issued by Pan-China Assets Appraisal Co., Ltd. (the “**Valuer**”) regarding the valuation (the “**Valuation**”) of the entire equity interests of the First Target and the Third Target as at the Valuation Date, which constitutes a profit forecast (the “**Profit Forecast**”) as defined under Rule 14.61 of the Listing Rules.

We have discussed with the Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the reports dated 13 May 2019 from the Reporting Accountant regarding whether the Profit Forecast, so far as the calculations are concerned, have been properly complied with the bases and assumptions as set out in the Valuation Reports. We have noted that the Profit Forecast in the Valuation are mathematically accurate and is presented on a basis consistent in all material aspects with the accounting policies currently adopted by the Company.

We hereby confirm that pursuant to the Valuation Reports, the Profit Forecast has been made after due and careful enquiry of the Board.

Yours faithfully,
For and on behalf of the Board
Landsea Green Group Co., Ltd.
Shen Leying
Director

APPENDIX II — REPORT FROM THE REPORTING ACCOUNTANT IN RELATION TO DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF SHANGHAI LANDSEA APARTMENT INDUSTRY DEVELOPMENT CO., LTD.

The following is the text of report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF SHANGHAI LANDSEA APARTMENT INDUSTRY DEVELOPMENT CO., LTD.

TO THE BOARD OF DIRECTORS OF LANDSEA GREEN GROUP CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) dated 6 May 2019 prepared by Pan-China Assets Appraisal Co., Ltd. in respect of the appraisal of the fair value of the 100% equity interests in Shanghai Landsea Apartment Industry Development Co., Ltd. (the “**Disposal Company**”) is based. The Valuation is in connection with the disposal of the 100% equity interest in the Disposal Company by Landsea Green Group Co., Ltd. (the “**Company**”) as set out in the Company’s announcement dated 13 May 2019 (the “**Announcement**”). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 23 to 25 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Disposal Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 23 to 25 of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 23 to 25 of the Announcement.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 May 2019

APPENDIX III — REPORT FROM THE REPORTING ACCOUNTANT IN RELATION TO DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF NANJING LANDSEA SHENLU PROPERTY MANAGEMENT LIMITED

The following is the text of report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this announcement.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF NANJING LANDSEA SHENLU PROPERTY MANAGEMENT LIMITED

TO THE BOARD OF DIRECTORS OF LANDSEA GREEN GROUP CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) dated 6 May 2019 prepared by Pan-China Assets Appraisal Co., Ltd. in respect of the appraisal of the fair value of the 100% equity interests in Nanjing Landsea Shenlu Property Management Limited (the “**Disposal Company**”) is based. The Valuation is in connection with the disposal of the 100% equity interest in the Disposal Company by Landsea Green Group Co., Ltd. (the “**Company**”) as set out in the Company’s announcement dated 13 May 2019 (the “**Announcement**”). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set on pages 26 to 27 of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Disposal Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 26 to 27 of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 26 to 27 of the Announcement.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 13 May 2019