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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)

DISCLOSEABLE TRANSACTION

The Board announces that on 14 May 2019, Shanghai Langkun, a wholly-owned subsidiary of the Company, and (i) Beijing Ronghui; (ii) Sunshine Ronghui; and (iii) Shanghai Rongmao entered into the Agreement. Shanghai Langkun and Beijing Ronghui agreed to jointly invest in the Shipbuilding Heavy Industry Building project in Beijing East Third Ring Road through their respective 50% equity interest in Shanghai Rongmao, and carry out renovation and lease operation management of the Subject Project.

Pursuant to the terms of the Agreement, Shanghai Langkun and Beijing Ronghui agreed to cooperate in operating the Subject Project owned by the Target Company. Beijing Ronghui and Sunshine Ronghui, each conditionally agreed to sell the Sale Shares I and the Sale Share II respectively, and Shanghai Langkun has conditionally agreed to acquire the Target Equity for a total consideration of RMB2 and Beijing Ronghui and Shanghai Langkun conditionally agreed to provide the Shareholder Loan to Shanghai Rongmao and/or the Target Company to assist Shanghai Rongmao in the transfer price and all other related expenses required to acquire the entire equity interest in the Target Company. Shanghai Langkun shall provide the Shareholder Loan of RMB200,000,000. Part of the Shareholder Loan in the amount of RMB500,000 shall be applied as paid up capital contribution to Shanghai Rongmao by Shanghai Langkun, and the remaining RMB199,500,000 shall be applied as shareholder loan provided by Shanghai Langkun to Shanghai Rongmao.

The Group is optimistic about the development opportunities in the assets field of the core cities in China, and thus actively seeks suitable projects to acquire, re-position, renovate and lease operations of existing assets, significantly enhance the value of the property and obtain value-added returns. The Subject Property is adjacent to Beijing East Third Ring Road with superior geographical location and convenient transportation. The Subject Property itself has great potential for renovation and rental improvement. Beijing Ronghui is a real estate fund platform under Sunshine Insurance Group. The Group's real estate fund platform, Green Fir Investment, has established a joint investment platform with Beijing Ronghui to jointly invest and manage the assets of the Subject Project, marking the first time that the company has entered the core area of Beijing and thus helping the Group bring future asset rental and appreciation gains. The company plans to reposition the assets and apply product differentiation capabilities to transform and upgrade the Subject Property, and carry out new lease and operation, as well as new management of the Subject Property to increase the rental return. The company can also obtain income from asset management for the above services.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Agreement exceed 5% and all of such ratios are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

The Board announces that on 14 May 2019, Shanghai Langkun, a wholly-owned subsidiary of the Company, and (i) Beijing Ronghui; (ii) Sunshine Ronghui; and (iii) Shanghai Rongmao entered into the Agreement, pursuant to which Shanghai Langkun and Beijing Ronghui agreed to cooperate in operating the Subject Project owned by the Target Company, Beijing Ronghui and Sunshine Ronghui, each conditionally agreed to sell the Sale Shares I and the Sale Share II respectively, and Shanghai Langkun has conditionally agreed to acquire the Sale Shares for a total consideration of RMB2 and Shanghai Langkun conditionally agreed to provide the Shareholder Loan of RMB200,000,000 to Shanghai Rongmao and/or the Target Company to assist Shanghai Rongmao in the transfer price and all other related expenses required to acquire the entire equity interest in the Target Company. Part of the Shareholder Loan in the amount of RMB500,000 shall be applied as paid up capital contribution to Shanghai Rongmao by Shanghai Langkun, and the remaining RMB199,500,000 shall be applied as shareholder loan provided by Shanghai Langkun to Shanghai Rongmao.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date

14 May 2019

Parties

- (i) Shanghai Langkun (a wholly-owned subsidiary of the Company)
- (ii) Beijing Ronghui
- (iii) Sunshine Ronghui
- (iv) Shanghai Rongmao

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Beijing Ronghui, Sunshine Ronghui and Shanghai Rongmao and their respective ultimate beneficial owner(s) are independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Subject Matter

Pursuant to the terms of the Agreement, Shanghai Langkun and Beijing Ronghui agreed to cooperate in operating the Subject Project owned by the Target Company, Beijing Ronghui and Sunshine Ronghui, each conditionally agreed to sell the Sale Shares I and the Sale Shares II respectively, and Shanghai Langkun has conditionally agreed to acquire the Target Equity for a total consideration of RMB2 and Shanghai Langkun conditionally agreed to provide the Shareholder Loan of RMB200,000,000 to Shanghai Rongmao and/or the Target Company to assist Shanghai Rongmao in the transfer price and all other related expenses required to acquire the entire equity interest in the Target Company. Part of the Shareholder Loan in the amount of RMB500,000 shall be applied as paid up capital contribution to Shanghai Rongmao by Shanghai Langkun, and the remaining RMB199,500,000 shall be applied as shareholder loan provided by Shanghai Langkun to Shanghai Rongmao.

As at the date of this announcement, Shanghai Rongmao won the bid for 100% equity interest in the Target Company.

The Target Equity represents 50% equity interest in Shanghai Rongmao. As at the date of this announcement, Shanghai Rongmao was owned as to 99% by Beijing Ronghui and 1% by Sunshine Ronghui.

Consideration

The total consideration for the transfer of the Target Equity is RMB2, and the consideration for acquisition of 49% equity interest in Shanghai Ronghui by Shanghai Langkun is RMB1, and the consideration for acquisition of 1% in Shanghai Ronghui by Shanghai Langkun is also RMB1. The consideration was determined by the parties with reference to the net asset value of Shanghai Rongmao as at 30 April 2019 and the prevailing market conditions.

Provision of Shareholder Loan

Pursuant to the Agreement, Shanghai Langkun and Beijing Ronghui shall provide the Shareholder Loan of RMB200,000,000 to Shanghai Rongmao respectively for the payment of part of the transfer consideration and corresponding expenses of the transfer of the equity interest in the Target Company. The remaining transfer consideration and corresponding expenses will be advanced by Beijing Ronghui by way of provision of shareholder loan. Part of the Shareholder Loan advanced by Shanghai Rongmao in the amount of RMB500,000 shall be applied as paid up capital of Shanghai Rongmao by Shanghai Langkun, and the remaining RMB199,500,000 shall be applied as shareholder loan provided by Shanghai Langkun to Shanghai Rongmao. Shanghai Rongmao does not need to pay any interest to Shanghai Langkun and Beijing Ronghui. However, for any amount provided by Beijing Ronghui exceeds the funds provided by Shanghai Langkun, Shanghai Ronghui is required to pay interest at an annual interest rate of 8% to Shanghai Rongmao.

Conditions precedent to transfer of Target Equity

Transfer of the Target Equity is subject to, among others, fulfillment or waived by Shanghai Langkun in writing of the following conditions:

- (1) the Agreement has been signed and came into effect;
- (2) the undertakings, representations, declarations and warranties made by Beijing Ronghui, Sunshine Ronghui and Shanghai Rongmao are true, accurate and complete;
- (3) the co-management arrangements of Shanghai Rongmao have been implemented;
- (4) Shanghai Rongmao has passed a lawful and effective shareholder's resolution in accordance with the statutory procedures and other provision under the articles of association of Shanghai Rongmao or other regulatory requirements, and has unanimously approved the articles of association as set out in the Agreement entered into by Shanghai Langkun and Beijing Ronghui;
- (5) Shanghai Rongmao has passed a lawful and effective shareholder's resolution in accordance with the statutory procedures and other provision under the articles of association of Shanghai Rongmao or other regulatory requirements, and has unanimously approved the directors, supervisors, general managers and deputy general managers of Shanghai Rongmao in accordance with the Agreement; and

(6) Shanghai Langkun, Beijing Ronghui and Sunshine Ronghui have jointly issued a confirmation letter confirming that all the conditions set out in the Agreement have been fulfilled.

Payment method of the consideration for Target Equity

Shanghai Langkun, Beijing Ronghui and Sunshine Ronghui shall procure the fulfillment of the conditions precedent within five days from the date of signing the Agreement, and the necessary procedures for the registration of the equity transfer registration shall be completed within five working days from the date of fulfillment of all the conditions precedent. Within five working days from the date of completion of the equity transfer registration, Shanghai Langkun shall pay the consideration to Beijing Ronghui and Sunshine Ronghui, and transfer the equity transfer price to the designated account of Beijing Ronghui and Sunshine Ronghui.

Completion

Completion will take place on the date of completion of the registration procedures for the equity transfer.

Upon completion of the transfer of the Target Equity, Shanghai Rongmao will be owned as to 50% by Shanghai Langkun and Beijing Ronghui, respectively, and will be jointly managed by Shanghai Langkun and Beijing Ronghui.

Upon completion of the transfer of the Target Equity, Shanghai Rongmao will not become a subsidiary of the Company and the results of Shanghai Rongmao will not be consolidated into the financial statements of the Group.

Management of Shanghai Rongmao

Shanghai Rongmao will be jointly managed by Shanghai Langkun and Beijing Ronghui. The Company is responsible for project transformation and operation management of the Subject Project.

The board of directors of Shanghai Rongmao consists of four directors, two are appointed by Beijing Ronghui and two by Shanghai Langkun. The legal representative is a director nominated by Shanghai Langkun, and the chairman of the board is a director nominated by Beijing Ronghui. Board resolutions must be unanimously approved by all directors.

INFORMATION ON THE PARTIES

Shanghai Langkun, a wholly-owned subsidiary of the Company and a real estate fund platform of Green Fir Investment, is a limited liability company established under the laws of the PRC. Its principal business is investment holding.

Beijing Ronghui is a limited partnership incorporated in the PRC and owns 99% of Shanghai Rongmao. It is a real estate investment fund under Sunshine Insurance Group. Its principal business is project investment and asset management.

Sunshine Ronghui is a limited liability company incorporated in the PRC and is a fund manager of Beijing Ronghui. It owns 1% of Shanghai Rongmao and its principal business is project investment and asset management.

Shanghai Rongamo is a limited liability company incorporated in the PRC, and has won the bid for 100% equity interest in the Target Company. It is principally engaged in corporate management, property management, parking lot management, investment, construction and leasing of public rental housing.

The net liabilities and total assets value of Shanghai Rongmao as extracted from its unaudited accounts as at 31 December 2018 was approximately RMB2,720 and RMB230 respectively.

The net liabilities and total assets value of Shanghai Rongmao as extracted from its unaudited accounts as at 30 April 2019 was approximately RMB4,570 and RMB110,001,380 respectively.

The financial results of Shanghai Rongmao as extracted from the accounts for 2018 are as follows :

	For the period from 5 March 2018 (Date of Incorporation) to 31 December 2018 (unaudited) (RMB'000)
Net loss before taxation and extraordinary items	3
Net loss after taxation and extraordinary items	3

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established under the laws of the PRC and owns entire interest in the Subject Project. Its principal business is hotel management.

The net liabilities and total assets value of the Target Company as extracted from its unaudited accounts as at 31 December 2018 was approximately RMB238,788,295 and RMB308,030,345 respectively.

The net liabilities and total assets value of the Target Company as extracted from its unaudited accounts as at 28 February 2019 was approximately RMB315,412,859 and RMB220,444,771 respectively. The decrease in total assets is due to the fact that other receivables are expected to be less likely to be recoverable, thus full amount was recognized as provision for bad debts.

The financial results of the Target Company as extracted from the accounts for the two financial years ended 31 December 2017 and 2018 are as follows:

	For the year ended 31 December	
	2017	2018
	(audited)	(unaudited)
	(RMB '000)	(RMB '000)
Net loss before taxation and extraordinary items	10,066	21,030
Net loss after taxation and extraordinary items	9,858	21,233

Information on the Subject Project and Subject Property

The details of the Subject Project are as follows:

Name: Beijing Shipbuilding Industry Building Project

The details of the Subject Property are as follows:

Address: 中國北京市朝陽區十里河東三環南路 100 號
(No. 100, South Third Ring Road, Shilihe East, Chaoyang District, Beijing, China*)

Property nature: Hotel (commercial)

Land use right area: 5,273.58 square meters

Construction area: 21,906.48 square meters

REASONS FOR AND BENEFITS OF THE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The Group is optimistic about the development opportunities in the assets field of the core cities in China, and thus actively seeks suitable projects to acquire, re-position, renovate and lease operations of existing assets, significantly enhance the value of the property and obtain value-added returns. The Subject Property is adjacent to Beijing East Third Ring Road with superior geographical location and convenient transportation. The Subject Property itself has great potential for renovation and rental improvement. Beijing Ronghui is a real estate fund platform under Sunshine Insurance Group. The Group's real estate fund platform, Green Fir

Investment, has established a joint investment platform with Beijing Ronghui to jointly invest and manage the assets of the Subject Project, marking the first time that the company has entered the core area of Beijing and thus helping the Group bring future asset rental and appreciation gains. The company plans to reposition the assets and apply product differentiation capabilities to transform and upgrade the Subject Property, and carry out new lease and operation, as well as new management of the Subject Property to increase the rental return. The company can also obtain income from asset management for the above services.

For the above reasons, the Board considers that the terms of the Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the transactions contemplated under the Agreement exceed 5% and all of such ratios are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction for the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“Agreement”	the cooperation agreement entered into by Shanghai Langkun, Beijing Ronghui, Sunshine Ronghui and Shanghai Rongmao on 14 May 2019, pursuant to which Shanghai Langkun and Beijing Ronghui agreed to cooperate in operating the Subject Project owned by the Target Company, Beijing Ronghui and Sunshine Ronghui, each conditionally agreed to sell the Sale Shares I and the Sale Shares II respectively, and Shanghai Langkun has conditionally agreed to acquire the Target Equity for a total consideration of RMB2 and Shanghai Langkun conditionally agreed to provide the Shareholder Loan of RMB200,000,000
“Beijing Ronghui”	北京融匯嘉智投資管理中心（有限合夥）(Beijing Ronghui Jiazhi Investment Management Center (Limited Partnership)*), a limited partnership incorporated in the PRC, owns 99% equity interest in Shanghai Rongmao as at the date of this announcement
“Board”	the board of Directors of the Company

“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)
“Completion”	Completion of the Equity Transfer pursuant to the terms and conditions of the Agreement
“Director(s)”	the director(s) of the Company
“Equity Transfer Consideration”	the aggregate consideration of RMB2 for acquisition of the Target Equity, which shall be paid by Shanghai Langkun to Beijing Ronghui of RMB1 and to Sunshine Ronghui of RMB1 respectively
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale Shares I”	49% equity interest in Shanghai Rongmao
“Sale Share II”	1% equity interest in Shanghai Rongmao
“Shanghai Langkun”	上海朗昆企業管理有限公司(Shanghai Langkun Business Management Co., Ltd.*), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Shanghai Rongmao”	上海融懋商業管理有限公司 (Shanghai Rongmao Commercial Management Co., Ltd.*), a limited liability company incorporated in the PRC, and won the bid of 100% equity interest in the Target Company as at the date of this announcement

“Shareholder Loan”	the shareholder loan in the amount of RMB200,000,000 to be provided by Shanghai Langkun to Shanghai Rongmao and/or the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Project”	北京船舶重工大廈項目 (Beijing Shipbuilding Heavy Industry Building Project”), a project under the cooperation of Shanghai Langkun and Beijing Ronghui
“Subject Property”	the hotel property which is located at No. 100, South Third Ring Road, Shilihe East, Chaoyang District, Beijing, China and is for commercial use
“Sunshine Ronghui”	陽光融匯資本投資管理有限公司 (Sunshine Ronghui Capital Investment Management Co., Ltd.*), owns 1% equity interest in Shanghai Rongmao as at the date of this announcement
“Target Company”	船舶重工大廈有限公司 (Shipbuilding Industry Building Co., Ltd.*), a limited liability company established under the laws of China, owns the entire interest of the Subject Project
“Target Equity”	49% equity interest in Shanghai Rongmao owned by Beijing Ronghui and 1% equity interest in Shanghai Rongmao owned by Sunshine Ronghui, totaling 50% equity interest in Shanghai Rongmao
“%”	percentage

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

Hong Kong, 14 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 Tai-yuan.

** For identification purposes only*