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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 11 July 2019, Nanjing Langming and Nanjing Xubohui, an indirect wholly-owned subsidiaries of the Company, entered into the Agreement with Zhongcheng Fund, pursuant to which Zhongcheng Fund shall withdraw from the investment in the Project Company and conditionally agreed to sell the Subject Equity and the Subject Loan, and Nanjing Xubohui conditionally agreed to acquire the Subject Equity and the Subject Loan. The Subject Equity Transfer Consideration shall be RMB28,248,000 and the Subject Loan Transfer Consideration shall be RMB715,390,286.03. The total consideration shall be RMB743,638,286.03.

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 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.

Reference is made to the Announcement of the Company dated 25 December 2017 and the Circular of the Company dated 26 March 2018. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board announces that on 11 July 2019, Nanjing Langming and Nanjing Xubohui, an indirect wholly-owned subsidiaries of the Company, entered into the Agreement with Zhongcheng Fund, pursuant to which Zhongcheng Fund shall withdraw from the investment in the Project Company and conditionally agreed to sell the Subject Equity and the Subject Loan, and Nanjing Xubohui conditionally agreed to acquire the Subject Equity and the Subject Loan. The Subject Equity Transfer Consideration shall be RMB28,248,000 and the Subject Loan Transfer Consideration shall be RMB715,390,286.03 The total consideration shall be RMB743,638,286.03.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date

11 July 2019

Parties

- (i) Nanjing Langming (an indirect wholly-owned subsidiary of the Company)
- (ii) Nanjing Xubohui (an indirect wholly-owned subsidiary of the Company)
- (iii) Zhongcheng Fund

As at the date of this announcement, the total interest of the Group in Zhongcheng Fund is 50%, of which 49.85% limited partnership interest is held by Nanjing Langming and 0.15% general partnership interest is held by Shanghai Langqing respectively. The remaining interest is held by Zhongcheng Yongyi with 49.85% limited partnership interest and Zhongcheng Era with 0.15% general partnership interest respectively.

Subject Matter

Pursuant to the terms of the Agreement, Zhongcheng Fund shall withdraw from the investment in the Project Company and conditionally agreed to sell the Subject Equity and the Subject Loan, and Nanjing Xubohui conditionally agreed to acquire the Subject Equity and the Subject Loan. The Subject Equity Transfer Consideration shall be RMB28,248,000 and the Subject Loan Transfer Consideration shall be RMB715,390,286.03 The total consideration shall be RMB743,638,286.03.

As at the date of this announcement, the Project Company is owned as to 51%, 48% and 1% equity interest by Wanxin Group, Zhongcheng Fund and Nanjing Xubohui respectively, and the Project Company holds the development project on the Project Land.

As at the date of this announcement, the equity investment of Zhongcheng Fund in the Project Company is RMB24,850,000, and Zhongcheng Fund is also entitled to a loan from the Project Company with a principal amount of RMB629,320,000 and an interest of RMB86,070,286.03.

The Subject Equity and the Subject Loan transfer consideration

The Subject Equity Transfer Consideration shall be RMB28,248,000 and the Subject Loan Transfer Consideration shall be RMB715,390,286.03. The total consideration shall be RMB743,638,286.03. The total consideration was determined after arm's length negotiations with Zhongcheng Fund by reference to (i) the amount of equity investment of Zhongcheng Fund in the Project Company; (ii) the income from equity investment of Zhongcheng Fund in the Project Company; (iii) the interest not yet paid by the Project Company to Zhongcheng Fund; and (iv) the paid pre-allocation amount and interest by the Project Company to Zhongcheng Fund.

Payment method of the consideration for the Subject Equity and the Subject Loan

Nanjing Xubohui may pay the Subject Loan Transfer Consideration by instalments (each instalment is subject to the actual payment amount). The Subject Equity Transfer Consideration shall not be settled later than 16 July 2019. The first instalment of the Subject Loan Transfer Consideration of RMB45,752,000 shall not be settled later than 16 July 2019, and the remaining amount shall be settled no later than 6 September 2019.

After the Agreement comes into effect, Nanjing Xubohui and the Project Company shall be responsible for the completion of the transfer of the Subject Equity and the registration of the industrial and commercial changes involved and Zhongcheng Fund shall give necessary cooperation.

Completion

Upon completion of the transfer of the Subject Equity, the Project Company shall be owned as to 49% and 51% by Nanjing Xubohui and Wanxin Group respectively. The Project Company will not become a subsidiary of the Company and the results of which will not be consolidated into the financial statements of the Group.

Conditions precedent to transfer of the Subject Equity and Subject Loan

Transfer of the Subject Equity and the Subject Loan is subject to, among others, fulfillment of the following conditions:

- (1) the Agreement has been signed and came into effect; and
- (2) the industrial and commercial registration procedures for the transfer of the Subject Equity have been submitted.

INFORMATION ON THE PARTIES

Nanjing Langming, a company established in the PRC with limited liability, owns 49.85% limited partnership interest of Zhongcheng Fund as at the date of this announcement and its principal activity is property development.

Nanjing Xubohui, a company established in the PRC with limited liability, owns 1% equity interest in the Project Company as at the date of this announcement and its principal activity is investment holding.

Zhongcheng Fund is a limited partnership established under the laws of the PRC on 23 March 2017. Its principal activities are industrial investment, investment management, investment information consulting, business management consulting, financial advisory (subject to the approval under the relevant laws and approval being given by the relevant departments before commencement of relevant business activities).

UPDATED FINANCIAL INFORMATION ON THE PROJECT COMPANY

The net assets and total assets value of the Project Company as extracted from its unaudited accounts as at 31 December 2018 was approximately RMB22,475,000 and RMB1,612,985,000 respectively.

The financial results of the Project Company as extracted from the audited and unaudited accounts for the two financial years ended 31 December 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	14,263	9,667
Net loss after taxation and extraordinary items	14,263	9,667

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

The Group has been ranked among the top 100 property 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.

The Group mainly carries out whole-process development and management of real estate projects in asset-light mode (cooperative development, minority interest development and management, and entrusted development). With the core competence of brand effect and product differentiation, it can attract financial institutions with complementary resources, well-known large and medium-sized enterprises and other partners for joint development which will provide the Group with sustainable development momentum.

Through the acquisition of the Subject Equity and the Subject Loan, it can increase the equity interests of the Group on the Project Land and also increase income and profit of the Group.

Based on the foregoing, the Directors (including the independent non-executive Directors) believe that the terms of the Agreement are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

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 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.

DEFINITIONS

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

“Agreement”	the agreement entered into by Nanjing Langming, Nanjing Xubohui, and Zhongcheng Fund on 11 July 2019, pursuant to which Zhongcheng Fund shall withdraw from the investment in the Project Company and conditionally agreed to sell the Subject Equity and the Subject Loan, and Nanjing Xubohui conditionally agreed to acquire the Subject Equity and the Subject Loan
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“Announcement”	the announcement of the Company dated 25 December 2017 relating to the LP Agreement and the Cooperation Framework Agreement
“Circular”	the circular of the Company dated 26 March 2018 relating to, among others, major transaction in relation to the disposal of 48% equity interest in and shareholder loan owed by Hefei Subject Company
“Subject Equity”	48% equity interest in the Project Company held by Zhongcheng Fund
“Subject Loan”	the loan from the Project Company held by Zhongcheng Fund with a principal amount of RMB629,320,000 and the interest of RMB86,070,286.03.
“Subject Equity Transfer Consideration”	the consideration of RMB28,248,000 for the acquisition of the Subject Equity
“Subject Loan Transfer Consideration”	the consideration of RMB715,390,286.03 for the acquisition of the Subject Loan

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

Hong Kong, 11 July 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. Lee Kwan Hung, Mr. Chen Tai-yuan and Mr. Rui Meng.