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LANDSEA 朗诗

LANDSEA GREEN PROPERTIES CO., LTD.

朗诗绿色地产有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

DISCLOSEABLE TRANSACTION

THE DISPOSAL

On 29 December 2020, the Vendor, Nanjing Langming, the Purchaser and the Subject Company entered into the Agreement pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Equity Interest at the initial consideration of RMB500,000,000 (subject to adjustment).

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date

29 December 2020

Parties:

- (i) the Vendor, an indirect wholly-owned subsidiary of the Company
- (ii) Nanjing Langming, an indirect wholly-owned subsidiary of the Company
- (iii) the Purchaser
- (iv) the Subject Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owners is independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

Sale and purchase of the Sale Equity Interest

The Sale Equity Interest represents 100% equity interest in the Subject Company.

Consideration

The consideration for the Sale Equity Interest is RMB500,000,000.

The consideration for the Sale Equity Interest is subject to adjustment according to the net current asset value of the Subject Company as at the Completion Date to be set out in the accounts to be prepared by the Vendor and agreed between the Vendor and the Purchaser after Completion, and such adjusted consideration shall be the final consideration for the Sale Equity Interest (the “**Final Consideration**”).

Payment of the consideration

As at the date of the Agreement, the Purchaser has paid RMB300,000,000 (the “**Initial Payment**”) into the Joint Account.

On the Completion Date, the Purchaser shall cause the Initial Payment to be released from the Joint Account to the Vendor.

Within 90 days of the Completion Date, the Purchaser shall pay to the Vendor the balance of the consideration for the Sale Equity Interest (the “**Balance**”), being the Final Consideration minus the Initial Payment minus the amount of local tax that shall be borne by the Vendor.

Basis of the consideration

The consideration for the Sale Equity Interest was determined after arm's length negotiations between the parties with reference to the valuation of the Property carried by an independent professional valuer as at 30 June 2020 of approximately RMB366,200,000, the unaudited net asset value of the Subject Company of approximately RMB372,287,000 as at 30 November 2020 and the prevailing market conditions. Based on the aforesaid, the Directors are of the view that the consideration for the Sale Equity Interest is fair and reasonable.

Completion

Subject to payment of the Initial Payment into the Joint Account, the Vendor and the Purchaser shall submit the relevant documents for application for change of ownership of the equity interest in the Subject Company to the relevant authority no later than the business day after the date of the Agreement. Completion shall take place upon completion of the business registration procedures in relation to the transfer of the Sale Equity Interest.

After Completion, the Subject Company shall cease to be a subsidiary of the Company and its financial results will no longer be consolidated to the consolidated financial statements of the Company.

Arrangements after Completion

After Completion, the parties shall complete the share pledge application with the relevant authorities with respect to 40% of the equity interest of the Subject Company to be held by the Purchaser.

After Completion, the Vendor and the Purchaser shall have joint custody of the title documents of the Property and the chops and other documents of the Subject Company.

The aforesaid share pledge shall be released and the aforesaid joint custody arrangement shall cease after the Purchaser has paid the Balance to the Vendor.

INFORMATION ON THE SUBJECT COMPANY

The Subject Company is a company established in the PRC with limited liability.

The Subject Company holds the Property and is principally engaged in property leasing and building management.

The net assets and total assets value of the Subject Company as extracted from its unaudited accounts as at 30 November 2020 was approximately RMB372,287,000 and RMB376,178,000 respectively.

The financial results of the Subject Company as extracted from the audited accounts for the two financial years ended 31 December 2019 are as follows:

	For the year ended	
	31 December	
	2018	2019
	(RMB)	(RMB)
Net profit before taxation and extraordinary items	15,415,438	15,425,512
Net profit after taxation and extraordinary items	11,551,694	11,569,134

REASONS FOR AND BENEFITS OF THE DISPOSAL

Reasons for the disposal of the equity interest of the Subject Company by the Company are as follows:

- i. The Company principally engaged in the businesses of development and sales of properties. Earning rents through holding investment properties is not the future development direction of the Company's principal business. The asset of the Subject Company is one of the assets of the Company offered to be listed before Greensheid Corporation (a company incorporated in the British Virgin Islands with limited liability), the controlling shareholder of the Company, acquired the shares of Shenzhen High-Tech Holdings Limited (the predecessor of the Company) by way of general offer in 2013 and was not acquired intentionally to be held as investment property.
- ii. As an investment property, the value of asset of the Subject Company has increased significantly over the seven years since its acquisition. The Board considers that completing the transaction at the current agreed transaction price at this point of time and utilizing the net proceeds from the Disposal on development of the Company's principal businesses conform to the Company's business strategic development and are in the interests of the shareholders as a whole.

FINANCIAL IMPACT OF THE DISPOSAL

As a result of the Disposal, it is estimated that the Group will record a gain on Disposal after taxation of approximately RMB97,750,000, being the difference between the estimated Final Consideration for the Sale Equity Interest and the unaudited net asset value of the Subject Company of approximately RMB372,287,000 as at 30 November 2020, subject to the determination of the Final Consideration and the audit of the financial statements of the Group.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC and a conglomerate principally engaged in a wide variety of businesses including refined oil, marine engineering, real estate, automobile sales, bio-medical and pre-school education. The ultimate beneficial owner of the Purchaser is Mr. Xu Zi-bin.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 5% and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, terms used in this announcement shall have the following meanings:

“Agreement”	the equity transfer agreement dated 29 December 2020 entered into by the Vendor, Nanjing Langming, the Purchaser and the Subject Company in relation to, among other things, the Disposal
“Board”	the board of Directors
“Company”	Landsea Green Properties Co., Ltd., a limited liability company incorporated in Bermuda, the shares of which are listed on the main board of the Stock Exchange (stock code: 106)
“Completion”	the completion of the sale and purchase of the Sale Equity Interest pursuant to the terms of the Agreement
“Completion Date”	the date of Completion
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Equity Interest pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Account”	the bank account jointly controlled by the Vendor and the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Langming”	南京朗銘地產集團有限公司 (Nanjing Langming Real Estate Group Ltd*), 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
“PRC”	the People’s Republic of China
“Property”	the building named 曙光大廈 situated in Nanshan District, Shenzhen, the PRC
“Purchaser”	深圳市科發工貿集團有限公司 (Shenzhen Kofa Industry and Trade Group Co., Ltd.*), a company established in the PRC with limited liability

“RMB”	renminbi, the lawful currency of the PRC
“Sale Equity Interest”	100% equity interest in the Subject Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Company”	曙光信息產業(深圳)有限公司 (Dawning Information Industry (Shenzhen) Limited*), a company established in the PRC with limited liability and is wholly-owned by the Vendor as at the date of this announcement
“Vendor”	中國信息產業有限公司 (China Information Industry Limited*), a company established in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“%”	per cent.

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

Hong Kong, 29 December 2020

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tian Ming, Mr. Huang Zheng and Mr. Jiang Chao, two non-executive Directors, namely, Ms. Shen Leying and Mr. Zhou Yimin, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.

* *For identification purposes only*