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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 4 April 2019, Nanjing Langming and Nanjing Langshi, wholly-owned subsidiaries of the Company, entered into the Agreement with (i) Xiu Chen Investment; (ii) Cang Chen Investment; and (iii) Suzhou Langwang Properties, pursuant to which Xiu Chen Investment and Cang Chen Investment conditionally agreed to sell Sale Shares I and Sale Shares II respectively, and Nanjing Langming conditionally agreed to assign Nanjing Langshi to buy back the Target Equity at a total consideration of RMB173,090,000.

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.

As at the date of this announcement, the project in the Land Parcel is almost sold out and fulfilled the conditions for the withdrawal of partners. Through the Buy Back of the Target Equity, the Group can acquire all the equity interests of the project in the Land Parcel, and also fulfil the withdrawal of each partner according to their respective equity ratio at the same time.

The total consideration for transfer of the Sale Shares is RMB173,090,000, which was determined based on the actual income and the fair value after expected profit of Suzhou Langwang Properties as at 31 October 2018 as assessed by an independent valuer. The cash flow of the project was back to positive in December 2016 and the Buy Back of the Target Equity will not increase the burden of cash flow of the Company.

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 Buy Back of the Target Equity contemplated under the Agreement exceed 5% and all of such ratios are less than 25%, the Buy Back of the Target Equity 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.

Suzhou Langwang Properties is owned as to 51% by the Group, and owned as to 48% and 1% by Xiu Chen Investment and Cang Chen Investment respectively. However, since Suzhou Langwang Properties is an insignificant subsidiary of the Group, Xiu Chen Investment is not regarded as a connected person at the subsidiary level.

Reference is made to the Announcement of the Company dated 10 April 2015. Unless otherwise stated, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board announces that on 4 April 2019, Nanjing Langming and Nanjing Langshi, wholly-owned subsidiaries of the Company, entered into the Agreement with (i) Xiu Chen Investment; (ii) Cang Chen Investment; and (iii) Suzhou Langwang Properties, pursuant to which Xiu Chen Investment and Cang Chen Investment conditionally agreed to sell Sale Shares I and Sale Shares II respectively, and Nanjing Langming conditionally agreed to assign Nanjing Langshi to buy back the Target Equity at a total consideration of RMB173,090,000.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date

4 April 2019

Parties

- (i) Nanjing Langming (a wholly-owned subsidiary of the Company)
- (ii) Nanjing Langshi (a wholly-owned subsidiary of the Company)
- (iii) Suzhou Langwang Properties
- (iv) Xiu Chen Investment
- (v) Cang Chen Investment

Suzhou Langwang Properties is owned as to 51% by the Group, and owned as to 48% and 1% by Xiu Chen Investment and Cang Chen Investment respectively. However, since Suzhou Langwang Properties is an insignificant subsidiary of the Group, Xiu Chen Investment is not regarded as a connected person at the subsidiary level.

Subject Matter

Pursuant to the terms of the Agreement, Xiu Chen Investment and Cang Chen Investment conditionally agreed to sell Sale Shares I and Sale Shares II respectively, and Nanjing Langming conditionally agreed to assign Nanjing Langshi to buy back the Target Equity. The consideration for Sale Shares I and Sale Shares II are RMB169,560,000 and RMB3,530,000, respectively, at a total consideration of RMB173,090,000.

Share transfer consideration

The total consideration for transfer of the Sale Shares is RMB173,090,000, which was determined based on the actual income and the fair value after expected profit of Suzhou Langwang Properties as at 31 October 2018 as assessed by an independent valuer.

Payment method of the consideration for Sale Shares

Within 10 working days after the signing of the Agreement, Nanjing Langshi shall pay the consideration for the Sale Shares to the designated account of Xiu Chen Investment and Cang Chen Investment.

After payment of the Share Transfer Consideration from Nanjing Langshi, Suzhou Langwang Properties shall be responsible for the completion of the equity transfer of the Sale Shares and the registration of the industrial and commercial changes involved.

Upon completion of the transfer of the Sale Shares I and Sale Shares II, Suzhou Langwang Properties will become a wholly-owned subsidiary of the Company and the financial results of which will be consolidated to the financial statements of the Group.

INFORMATION ON THE PARTIES

Nanjing Langming, a company established in the PRC with limited liability, owns 51% equity interest of Suzhou Langwang Properties and its principal activity is property development.

Nanjing Langshi is a company established in the PRC with limited liability and its principal activity is investment management, corporate management and consultancy.

Xiu Chen Investment, a limited partnership lawfully incorporated and continued in Shanghai, the PRC, owns 48% equity interest of Suzhou Langwang Properties and is principally engaged in investment management, consultancy, industrial investment and asset management.

Cang Chen Investment, a limited partnership lawfully incorporated and continued in Shanghai, the PRC, owns 1% equity interest of Suzhou Langwang Properties and is principally engaged in investment management, consultancy, industrial investment and asset management.

Suzhou Langwang Properties is a company incorporated in the PRC with limited liability. The principal activity of Suzhou Langwang Properties is the holding of the project in the Land Parcel for real estate development and operation.

The net assets and total assets value of Suzhou Langwang Properties as extracted from its unaudited accounts as at 31 December 2018 was approximately RMB300,519,000 and RMB1,133,144,000 respectively.

The financial results of Suzhou Langwang Properties as extracted from the 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)/profit before taxation and extraordinary items	(10,383.5)	298,296.4
Net (loss)/profit after taxation and extraordinary items	(6,132.6)	223,445.6

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.

As at the date of this announcement, the project in the Land Parcel is almost sold out and has fulfilled the conditions for the withdrawal of partners. Through the Buy Back of the Target Equity, the Group can obtain all the equity interests of the project in the Land Parcel, and also fulfil the withdrawal of each partner according to their respective equity ratio.

The total consideration for transfer of the Sale Shares is RMB173,090,000, which was determined based on the actual income and the fair value after expected profit of Suzhou Langwang Properties as at 31 October 2018 as assessed by an independent valuer. The cash flow of the project was back to positive in December 2016 and the Buy Back of the Target Equity will not increase the burden of cash flow of the Company.

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 Buy Back of the Target Equity contemplated under the Agreement exceed 5% and all of such ratios are less than 25%, the Buy Back of the Target Equity 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.

Suzhou Langwang Properties is owned as to 51% by the Group, and owned as to 48% and 1% by Xiu Chen Investment and Cang Chen Investment respectively. However, since Suzhou Langwang Properties is an insignificant subsidiary of the Group, Xiu Chen Investment is not regarded as a connected person at the subsidiary level.

DEFINITIONS

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

“Agreement”	the share transfer agreement entered into by Nanjing Langming, Nanjing Langshi, Xiu Chen Investment, Cang Chen Investment and Suzhou Langwang Properties on 4 April 2019, pursuant to which Xiu Chen Investment and Cang Chen Investment conditionally agreed to sell Sale Shares I and Sale Shares II respectively, and Nanjing Langming conditionally agreed to assign Nanjing Langshi to buy back the Target Equity
“Announcement”	the announcement of the Company dated 10 April 2015 relating to the deemed disposal of 100% equity interest in Suzhou Langwang Properties
“Buy Back of the Target Equity”	Nanjing Langming assigned Nanjing Langshi to buy back the Target Equity at a total consideration of RMB173,090,000
“Nanjing Langshi”	南京朗詩投資管理有限公司 (Nanjing Langshi Investment Management Co., Ltd.*), a company established in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Sale Shares I”	48% equity interest in Suzhou Langwang Properties
“Sale Shares II”	1% equity interest in Suzhou Langwang Properties
“Share Transfer Consideration”	the total consideration of RMB173,090,000 for the buy back of Sale Shares I and Sale Shares II to be paid by Nanjing Langshi for RMB169,560,000 to Xiu Chen Investment and RMB3,530,000 to Cang Chen Investment
“Target Equity”	48% equity interest in Suzhou Langwang Properties held by Xiu Chen Investment and 1% equity interest in Suzhou Langwang Properties held by Cang Chen Investment

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

Hong Kong, 4 April 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*