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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 26 August 2019, Nanjing Langming, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Langxin and Xinda Investment, pursuant to which, through Capital Increase, Nanjing Langming conditionally agreed to sell the Subject LP Equity indirectly, and Xinda Investment conditionally agreed to acquire of and make capital contribution to the Subject LP Equity to jointly invest in the Project Company held by Jiaxing Langjian for joint development of the Project Land. The consideration for the Capital Increase shall be RMB500,000,000.

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.

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 Capital Increase and the Provision of Nanjing Langming Loan, individually, contemplated under the Agreement exceed 5% and all of such ratios are less than 25%, the Capital Increase and the Provision of Nanjing Langming Loan, individually, 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.

Tianjin Langxin is owned as to 51% by the Group, and owned as to 49% by Xinda Investment. However, since Tianjin Langxin is an insignificant subsidiary of the Group, Xinda Investment is not regarded as a connected person at the subsidiary level.

The Board announces that on 26 August 2019, Nanjing Langming, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with Tianjin Langxin and Xinda Investment, pursuant to which, through Capital Increase, Nanjing Langming conditionally agreed to sell the equity interests held in Jiaxing Langjian indirectly, and Xinda Investment conditionally agreed to acquire of and make capital contribution to the Subject LP Equity to jointly invest in the Project Company held by Jiaxing Langjian for joint development of the Project Land. The consideration for the Capital Increase shall be RMB500,000,000. At the same time, Tianjin Langxin conditionally agreed to acquire of and make capital contribution to the 0.13% general partnership interest in Jiaxing Langjian at a consideration of RMB1,000,000.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date

26 August 2019

Parties

- (i) Nanjing Langming (an indirect wholly-owned subsidiary of the Company)
- (ii) Tianjin Langxin
- (iii) Xinda Investment

Tianjin Langxin is owned as to 51% by the Group, and owned as to 49% by Xinda Investment. However, since Tianjin Langxin is an insignificant subsidiary of the Group, Xinda Investment is not regarded as a connected person at the subsidiary level.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Xinda Investment and its ultimate beneficial owner(s) are independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

To the best knowledge of the Company, the ultimate beneficial owner of Xinda Investment is China Cinda Asset Management Co., Ltd.. It is a company listed on the Stock Exchange with stock code 1359.

Subject Matter

Pursuant to the terms of the Agreement, Nanjing Langming, through Capital Increase, conditionally agreed to sell the Subject LP Equity indirectly, and Xinda Investment conditionally agreed to acquire of and make capital contribution to the Subject LP Equity to jointly invest in the Project Company held by Jiaxing Langjian for joint development of the Project Land. The consideration for the Capital Increase shall be RMB500,000,000. At the same time, Tianjin Langxin conditionally agreed to acquire of and make capital contribution to the 0.13% general partnership interest in Jiaxing Langjian at a consideration of RMB1,000,000.

As at the date of this announcement, Nanjing Langming owns 100% interest in Jiaxing Langjian. Jiaxing Langjian owns 99.42% equity interest in the Project Company while the Project Company owns the development project on the Project Land.

Subject LP Equity capital contribution consideration

The total consideration for capital contribution for the Subject LP Equity is RMB500,000,000, which was determined after arm's length negotiations with Xinda Investment based on the book value of non-current assets of Jiaxing Langjian and the book value of non-current assets of Jiaxing Langjian was based on the investment of Jiaxing Langjian in the Project Company.

Payment method of the capital contribution consideration for the Subject LP Equity

Xinda Investment and Nanjing Langming may pay the capital contribution consideration for the Subject LP Equity by instalments (each instalment is subject to the actual payment amount), but Xinda Investment and Nanjing Langming shall contribute the capital according to the proportion of their respective interests in Jiaxing Langjian. The total paid-up capital is expected to reach RMB751,000,000.

As at 14 August 2019, the Nanjing Langming Loan was RMB1,030,000,000. After Xinda Investment, Nanjing Langming and Tianjin Langxin contributed a total of RMB751,000,000, Jiaxing Langjian shall repay the Nanjing Langming Loan of approximately RMB700,000,000. The outstanding Nanjing Langming Loan of approximately RMB330,000,000 shall be subject to an interest rate of 12% per annum. The provision of Nanjing Langming Loan can effectively utilize the Group's funds and obtain capital gains. The annual interest rate was determined after arm's length negotiations between the parties and is on normal commercial terms in the ordinary and usual course of business of the Company and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Completion

Upon completion of the Capital Increase, Jiaxing Langjian will be owned as to 33.29% and 66.58% limited partnership interest by Nanjing Langming and Xinda Investment respectively, and will be owned as to 0.13% general partnership interest by Tianjin Langxin. Jiaxing Langjian will no longer be a subsidiary of the Company and the financial results of which will no longer be consolidated to the financial statements of the Group.

Conditions precedent to transfer of the Subject LP Equity

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

- (1) the Agreement has been signed and came into effect; and
- (2) Xinda Investment shall contribute capital in full to Jiaxing Langjian according to the Agreement.

INFORMATION ON THE PARTIES

Nanjing Langming, a company established in the PRC with limited liability, owns 100% interest of Jiaxing Langjian as at the date of this announcement and its principal activity is real estate development business.

Tianjin Langxin, a company established in the PRC with limited liability and its principal activity is business investment management.

Xinda Investment, a company established in the PRC with limited liability and its principal business segments include: (1) distressed asset management business, such as distressed debt asset management, management of DES Assets, and restructuring, custody and liquidation services for distressed entities; (2) financial investment and asset management business, such as principal investment, asset management and the consulting and financial advisory services; and (3) financial services business such as banking, securities, futures, fund management, trusts, financial leasing and insurance.

INFORMATION ON JIAXING LANGJIAN

Jiaxing Langjian is a limited partnership established under the laws of the PRC and its principal activity is investment management.

The consolidated net assets and total assets value of Jiaxing Langjian as extracted from its unaudited accounts as at 31 December 2018 was approximately RMB45,311,000 and RMB1,497,535,000 respectively.

The consolidated financial results of Jiaxing Langjian as extracted from the unaudited accounts for the period from the date of its incorporation, i.e. 17 May 2018, to 31 December 2018 are as follows:

	<i>RMB'000</i>
Net loss before taxation and extraordinary items	(7,319)
Net profit after taxation and extraordinary items	3,868

INFORMATION ON THE PROJECT COMPANY

The Project Company is a company established in the PRC with limited liability and its principal activity is to carry out real estate development and management on the Project Land.

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.

The Group is committed to finding suitable projects for expanding its real estate development business in the PRC. Xinda Investment is a strategic partner of the Group and has cooperated with the Group in a wide range of equity interest projects. By introducing Xinda Investment as a partner and jointly investing in the development of the Project Land, the Group will diversify the investment risk, enhance the capital efficiency and generate sales proceeds. At the same time, the property development projects on the Project Land will continue to be developed and managed by the Group, which is in line with the development strategy of “Asset-light” 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 Capital Increase and the Provision of Nanjing Langming Loan, individually, contemplated under the Agreement exceed 5% and all of such ratios are less than 25%, the Capital Increase and the Provision of Nanjing Langming Loan, individually, 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.

Tianjin Langxin is owned as to 51% by the Group, and owned as to 49% by Xinda Investment. However, since Tianjin Langxin is an insignificant subsidiary of the Group, Xinda 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 Jiaxing Langjian Equity Investment Fund Partnership (Limited Partnership) Partnership Agreement entered into by Nanjing Langming, Tianjin Langxin and Xinda Investment on 26 August 2019, pursuant to which Nanjing Langming conditionally agreed to sell the Subject LP Equity, and Xinda Investment conditionally agreed to acquire and subscribe for the Subject LP Equity
“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)
“Capital Increase”	the subscription for the Subject LP Equity by Xinda Investment
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Jiaxing Langjian”	嘉興朗建股權投資基金合夥企業（有限合夥）(Jiaxing Langjian Equity Investment Fund Partnership (Limited Partnership)*), a company established in the PRC with limited liability
“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 Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Nanjing Langming Loan”	the loan provided by Nanjing Langming to Jiaxing Langjian
“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
“Project Company”	成都海興冷業貿易股份有限公司 (Chengdu Haixing Cold Industry Trading Co., Ltd., a company established in the PRC with limited liability, owns the land use rights of the Project Land
“Project Land”	the land parcel of property certificate number “Chuan (2018) Chengdu Immovable Property No. 0302087”, “Chuan (2018) Chengdu Immovable Property No. 0302094” and “Chuan (2018) Chengdu Immovable Property No. 0302082” which is located at No. 12, Section 3, Fuqing Road, Chenghua District, Chengdu, the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject LP Equity”	66.58% limited partnership interest in Jiaxing Langjian
“Tianjin Langxin”	天津朗信投資管理有限公司 (Tianjin Langxin Investment Management Co., Ltd.*), a company established in the PRC with limited liability
“Xinda Investment”	信達投資有限公司 (Xinda Investment Co., Ltd., a limited liability company established under the laws of the PRC
“%”	percentage

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

Hong Kong, 26 August 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, Eddie, Mr. Chen Tai-yuan and Mr. Rui Meng.

** For identification purposes only*