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LANDSEA GREEN PROPERTIES CO., LTD.

朗詩綠色地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

**DISCLOSEABLE TRANSACTION
DISPOSAL OF PROPERTY-HOLDING SUBSIDIARY**

THE DISPOSAL

On 17 May 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Equity Transfer Agreement, pursuant to which, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Interest, representing the entire equity interest in the Target Company, for the Consideration of RMB85,500,000.

IMPLICATIONS UNDER THE LISTING RULES

As one or more applicable percentage ratios in respect of the Disposal is 5% or more and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 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 principal terms of the Equity Transfer Agreement are set out below:

Subject matter

The Sale Interest represents entire equity interest in the Target Company. As at the date of this announcement, the Target Company is wholly-owned by the Vendor. The Target Company holds the Properties. Please refer to the paragraph headed “Information on the Properties” below for the information on the Properties.

Consideration and basis of determination

The Consideration for the Disposal is RMB85,500,000.

The Consideration was determined through arm’s length negotiations between the Vendor and the Purchaser after considering prevailing market conditions, with reference to the audited financial statements for the year ended 31 December 2021 of the Target Company, the book value of the Properties of approximately RMB69.6 million as at 31 December 2021 as shown in the annual report of the Group for the year ended 31 December 2021, the value of properties that are comparable to the Properties in the current market and the factors contained in “Reasons for and benefits of the Disposal” in this announcement.

Payment of Consideration

Deposit

On the date of the Equity Transfer Agreement, the Purchaser paid a deposit of RMB1 million to the Vendor (the “**Deposit**”). Within 10 days upon receipt of the Deposit from the Purchaser, the Vendor shall cooperate with the Purchaser to conduct due diligence on the Target Company and the Properties. The aforesaid due diligence review shall be completed within 20 business days from the date of the Equity Transfer Agreement.

Interest-free Loan

Within 2 days of completion of the due diligence review, the Vendor shall place the chops, original licences and other documents and certificates of the Target Company in joint custody of the Vendor and the Purchaser and the Purchaser shall grant an interest-free loan in the amount of RMB60 million (the “**Interest-free Loan**”) to the Vendor for two months. The Vendor shall use the Interest-free Loan for the release of the pledged loan over the Properties (the “**Release**”). On the same day of the Release, the Vendor shall pledge the Properties in favour of the Purchaser to secure the Interest-free Loan. If the Disposal is completed, the Interest-free Loan will form part of the Consideration. If the Disposal cannot be completed, the Vendor shall repay the Interest-free Loan within three days of termination of the Equity Transfer Agreement.

Jointly Controlled Amount

Within three days of the Release, the Purchaser shall deposit RMB20 million (the “**Jointly Controlled Amount**”), into a bank account controlled by the Vendor and the Purchaser jointly. On the same day, the Vendor and the Purchaser shall jointly submit the information required for the industrial and commercial registration procedures for the transfer of the Sale Interest. When the transfer is completed, the Jointly Controlled Amount shall be released to the Vendor.

Balance of the Consideration

The remaining balance of the Consideration in the amount of RMB4.5 million shall be paid by the Purchaser within three days of completion of the following:

- a. assisting in the termination of the existing rental agreement between the Target Company as landlord and Nanjing Landsea Apartment as tenant in respect of the Properties (details of which are set out in the paragraph headed “Information on the Properties” below); and
- b. assisting in the termination of the lease agreements between Nanjing Landsea Apartment and existing tenants and vacation of the tenants.

Completion

Completion of the Disposal shall take place on the next day after the completion of registration of the transfer of the Sale Interest approved by the State Administration for Industry and Commerce.

INFORMATION ON THE PROPERTIES

The Properties are located at Building 11, Changying Village, Qixia District, Nanjing, China, and comprised of residential properties with gross floor area of 5,728.86 square metres.

On 1 February 2017, the Target Company, as landlord, and Nanjing Landsea Apartment, a connected person of the Company, as tenant, entered into a rental agreement, pursuant to which the Target Company agreed to lease the Properties to Nanjing Landsea Apartment for a term of 15 years from 1 February 2017 to 30 January 2031 and the rent for such period has already been prepaid. The Target Company shall refund the prepaid rent to Nanjing Landsea Apartment without interest or compensation upon termination of the existing rental agreement between the Target Company and Nanjing Landsea Apartment.

INFORMATION ON THE PARTIES

The Vendor

The Vendor is a company established under the laws of the PRC with limited liability, and principally engaged in investment holding. It is indirectly wholly-owned by the Company.

The Purchaser

The Purchaser is a company established under the laws of the PRC with limited liability, and is principally engaged in property development. The Purchaser is owned as to 99% by Mr. Peng Chaojie (彭超杰) and as to 1% by Mr. Guang Qing (光青) as at the date of this announcement. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

The Target Company

The Target Company is a company established under the laws of the PRC with limited liability, and is principally engaged in enterprise management consulting and property management. The principal assets of the Target Company are the Properties located at Changying Village, Qixia District, Nanjing.

Set out below are the audited financial information of the Target Company for the two financial years ended 31 December 2020 and 31 December 2021, respectively:

	For the year ended 31 December 2020 (RMB)	For the year ended 31 December 2021 (RMB)
Profit before taxation	509,294.70	540,036.81
Profit after taxation	469,408.29	405,027.61

As at 31 December 2021, the audited net assets of the Target Company was RMB118,361.65 and the audited book value of the Properties as shown in the annual report of the Group for the year ended 31 December 2021 was approximately RMB 69.6 million.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in project development and management services. Holding investment properties and earning rental income is not a major business objective of the Group. The Disposal enables the Group to realise the value in its investment in the Properties, strengthen its cash flow and reduce liabilities of the Group. The Disposal is beneficial to the Group to reduce its gearing ratio.

The Board considers the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL

The Group estimates that the Disposal will record a gain of approximately RMB11.9 million in 2022, being the difference between the net proceeds from the Disposal and the book value of the Properties, with the figure being subject to the final audit by the Company's auditors.

The Group proposed to utilise (i) approximately RMB60 million of the proceeds from the Disposal to repay the pledged loan over the Properties; and (ii) the remaining amount of the proceeds from the Disposal to repay the Company's indebtedness and as general working capital of the Group.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company. As a result, the financial results of the Target Company will no longer be consolidated into the financial statements of the Group.

IMPLICATIONS UNDER THE LISTING RULES

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

DEFINITIONS

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

“Board”	board of Directors
“Company”	Landsea Green Properties 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)
“connected persons(s)”	has the meanings as defined in the Listing Rules
“Consideration”	the consideration of RMB85,500,000 payable to the Vendor pursuant to the Equity Transfer Agreement
“Directors”	directors of the Company
“Disposal”	the proposed disposal of the Sale Interest by the Vendor to the Purchaser pursuant to the terms of the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 17 May 2022 entered into by the Vendor and the Purchaser in relation to the Disposal

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nanjing Landsea Apartment”	南京朗詩寓商業管理有限公司 (Nanjing Landsea Apartment Commercial Management Limited*), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Shanghai Liyu
“PRC”	the People’s Republic of China
“Properties”	the properties located at Building 11, Changying Village, Qixia District, Nanjing, the details of which are set out in the “Information on the Properties” section
“Purchaser”	南京玖富星海置業有限公司 (Nanjing Jiufu Xinghai Real Estate Co., Ltd.*), a limited liability company established under the laws of the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the entire equity interest in the Target Company, which is legally and beneficially owned by the Vendor
“Shanghai Liyu”	上海驪寓商業管理有限公司 (Shanghai Liyu Business Management Co., Ltd.*), a limited liability company established under the laws of the PRC and is owned as to 50% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian Ming as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	南京鑫貝盛投資管理有限公司 (Nanjing Xinbeisheng Investment Management Limited*), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“Vendor” 南京朗銘地產集團有限公司 (Nanjing Langming Properties Group Limited*), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company

“%” per cent.

* *The English translation of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

For and on behalf of the Board
Landsea Green Properties Co., Ltd.
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 17 May 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Tian Ming and Mr. Huang Zheng, the non-executive Directors of the Company are Mr. Xu Liang and Mr. Liu Pengpeng, and the independent non-executive Directors of the Company are Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.