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朗诗绿色管理

LANDSEA GREEN MANAGEMENT

LANDSEA GREEN MANAGEMENT LIMITED

朗詩綠色管理有限公司

(Formerly as “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

THE DISPOSAL

On 24 October 2022, the Vendor, the Vendor Guarantors and the Purchaser entered into the Agreement pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Equity Interests, at the Initial Consideration of RMB102,489,655.35, subject to adjustments.

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 5% or more 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.

THE AGREEMENT

On 24 October 2022, the Vendor, the Vendor Guarantors and the Purchaser entered into the Agreement pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase, the Sale Equity Interests, at the Initial Consideration of RMB102,489,655.35, subject to adjustments.

Sale and purchase of the Sale Equity Interests

The Sale Equity Interests represent 100% equity interest in the Target Company. The Target Company holds the Property. Please refer to the paragraph headed “INFORMATION ON THE PROPERTY” below for information on the Property.

Consideration

The consideration for the Sale Equity Interests shall be determined according to the following formula:

$$C = A - B$$

Where

C = the consideration for the Sale Equity Interests

A = the value of the Property (being RMB253,000,000)

B = the net liability of the Target Company (not taking into account the Property) (the “**Net Liability**”) as at the Delivery Date (as defined below)

The Initial Consideration for the sale of the Sale Equity Interests is RMB102,489,655.35, subject to adjustments, based on (a) the value of the Property in the amount of RMB253,000,000 as at 20 September 2022, and (b) the estimated net liability of the Target Company (not taking into account the Property) as at the expected Delivery Date of 7 November 2022 in the amount of RMB150,510,344.65. The value of the Property was determined by an independent third party valuer using comparison method.

Within 5 business days of the Delivery Date, the Vendor shall deliver the balance sheet of the Target Company as at the business day immediately prior to the Delivery Date to the Purchaser. If the Purchaser does not notify the Vendor in writing of any disagreement within 20 business days after the date of delivery of the balance sheet, the amount of the Net Liability of the Target Company as set out in the balance sheet delivered by the Vendor shall be final. If the Purchaser notifies the Vendor in writing of any disagreement within the aforesaid period, the parties shall resolve the disagreement pursuant to the mechanism set out in the Agreement. The final Net Liability determined pursuant to the aforesaid mechanism shall be used in determining the final consideration for the Sale Equity Interests according to the formula set out above (the “**Final Consideration**”).

Initial Conditions Precedent

Within 5 business days after the following conditions (the “**Initial Conditions Precedent**”) have been fulfilled (or waived by the Purchaser), the Purchaser shall provide a bank guarantee in favour of the Vendor in the amount of RMB20,000,000 (the “**Bank Guarantee**”) to guarantee the payment obligation of the Purchaser with respect to the First Payment (as defined below).

- (1) the representations and warranties made by the Vendor and the Vendor Guarantors under the Agreement and the other related transaction documents being true, accurate, complete and non-misleading in all respects, and their undertakings and obligations under the Agreement and the other related transaction documents having been complied with or fulfilled;

- (2) the Vendor and the Vendor Guarantors have obtained all necessary third-party consents and internal approvals for the proposed transactions under the Agreement and the other related transaction documents;
- (3) completion of the debt restructuring involving (a) the release of the existing equity pledge over the Sale Equity Interests by the Vendor in favour of the Existing Lender; (b) the novation of the Existing Loan from the Target Company as borrower to the Vendor as borrower resulting in the creation of the indebtedness owing by the Target Company to the Vendor in the equivalent amount; (c) the novation of the related party balances in the total amount of RMB88,739,990 from the Target Company as borrower to the Vendor as borrower resulting in the creation of the indebtedness owing by the Target Company to the Vendor in the equivalent amount; and (d) the capital injection by the Vendor into the Target Company in such an amount so that after such injection, the net indebtedness owing by the Target Company to the Vendor will be reduced to RMB147,000,000 (the “**Shareholder Loan**”);
- (4) completion of the joint custody of the items of the Target Company including the licenses, chops and keys;
- (5) the Vendor having delivered to the Purchaser written confirmation that there is no further claim from the previous owner (i.e. Vendor Guarantor 2) with respect to the Sale Equity Interests;
- (6) the Vendor having completed the procedures for the closure of the relevant bank accounts of the Target Company according to the terms of the Agreement;
- (7) the Vendor having delivered to the Purchaser the shareholder resolutions of the Target Company in the form set out in the Agreement;
- (8) the Vendor having delivered to the Purchaser the resignation letters of the officials of the Target Company;
- (9) the application materials for the industrial and commercial changes having been pre-examined by the competent industrial and commercial authority and have not substantially changed the agreement reached by the parties in the Agreement;
- (10) the application documents for the change of the registration details regarding the existing mortgage of the Property (the “**Mortgage Registration Details Change**”) having been prepared and confirmed by the relevant authority as being acceptable;
- (11) there being no material adverse effect on the transactions contemplated under the Agreement, the Target Company or the Property; and
- (12) the Vendor having provided assistance to the Purchaser in obtaining the financing commitment letter in respect of the new financing to be obtained by the Target Company from a new lender procured by the Purchaser (the “**New Lender**”) according to the terms of the Agreement (the “**New Loan**”).

The Initial Conditions Precedent shall be fulfilled on or before 27 October 2022 or such other date as the Vendor and the Purchaser may agree failing which the Purchaser may terminate the Agreement after a 15-day grace period, and, without relieving any party of any breach of the Agreement, the parties shall restore the status of the Sale Equity Interests and the Target Company to the original status prior to the signing of the Agreement.

Within 5 business days after the provision of the Bank Guarantee by the Purchaser, the Vendor shall procure the completion of the industrial and commercial changes in relation to the personnel of the Target Company and the Sale Equity Interests as contemplated under the Agreement (the “**Industrial and Commercial Changes**”).

Payment of the Consideration and Delivery of the Property

The consideration for the Sale Equity Interests will be payable as follows:

1. The Purchaser shall pay an amount equal to RMB92,240,689.82 (the “**First Payment**”), representing 90% of the Initial Consideration, to a bank account jointly controlled by the Vendor and the Purchaser (the “**Account**”) within 3 business days after the following conditions (the “**First Payment Conditions**”) have been fulfilled (or waived by the Purchaser):
 - (1) the Initial Conditions Precedent remaining fulfilled;
 - (2) the Mortgage Registration Details Change having been completed;
 - (3) the Industrial and Commercial Changes having been completed;
 - (4) the necessary governmental approval having been obtained and the Account having been established;
 - (5) the Existing Lender having confirmed the amount of the existing indebtedness owing to it taking into account the accrued interests (the “**Existing Loan Amount**”);
 - (6) the representations and warranties made by the Vendor and the Vendor Guarantors under the Agreement and the other related transaction documents being true, accurate, complete and non-misleading in all respects, and their undertakings and obligations under the Agreement and the other related transaction documents having been complied with or fulfilled; and
 - (7) there being no material adverse effect on the transactions contemplated under the Agreement, the Target Company or the Property.

The First Payment Conditions shall be fulfilled on or before 20 November 2022 or such other date as the Vendor and the Purchaser may agree failing which the Purchaser may terminate the Agreement after a 15-day grace period, and, without relieving any party of any breach of the Agreement, the parties shall restore the status of the Sale Equity Interests and the Target Company to the original status prior to the signing of the Agreement.

2. Within 5 business days after the First Payment, the Existing Lender shall procure the registration of a second ranking mortgage in favour of the New Lender, after which the Purchaser shall procure the Target Company to pay approximately RMB88,000,000 (subject to adjustments according to the final confirmation of the Existing Loan Amount according to paragraph 1(5) above) out of the New Loan to the Account so that such amount (the “**First Shareholder Repayment**”), together with the First Payment, shall be applied by the Vendor to repay the Existing Loan owing to the Existing Lender in full, and an equivalent amount of the Shareholder Loan shall be deemed repaid by the Target Company to the Vendor accordingly. The Vendor shall also procure the release of the existing mortgage over the Property in favour of the Existing Lender.
3. Within 10 business days of the release of the existing mortgage over the Property in favour of the Existing Lender, the Purchaser shall procure the Target Company to make the second payment to the Vendor out of the New Loan (the “**Second Shareholder Repayment**”), in an amount equal to the amount of the Shareholder Loan (i.e. RMB147,000,000) minus the First Shareholder Repayment, after which the Shareholder Loan shall be fully repaid.
4. Subject to the following conditions (the “**Delivery Conditions**”) having been fulfilled (or waived by the Purchaser), on the date of receipt of the Second Shareholder Repayment by the Vendor or such other date as may be agreed by the parties (the “**Delivery Date**”), subject to the terms of the Agreement, the Property will be handed over to the Purchaser.
 - (1) the First Payment Conditions remaining fulfilled;
 - (2) the amount owing to the Existing Lender having been repaid in full and the existing mortgage over the Property in favour of the Existing Lender having been released such that the mortgage in favour of the New Lender becomes first ranking;
 - (3) the representations and warranties made by the Vendor and the Vendor Guarantors under the Agreement and the other related transaction documents being true, accurate, complete and non-misleading in all respects, and their undertakings and obligations under the Agreement and the other related transaction documents having been complied with or fulfilled; and
 - (4) there being no material adverse effect on the transactions contemplated under the Agreement, the Target Company or the Property.

The Delivery Conditions shall be fulfilled on or before 31 December 2022 or such other date as the Vendor and the Purchaser may agree failing which the Purchaser may terminate the Agreement after a 15-day grace period, and, without relieving any party of any breach of the Agreement, the parties shall restore the status of the Sale Equity Interests and the Target Company to the original status prior to the signing of the Agreement, and any amount already paid or procured to be paid by the Purchaser under the Agreement shall be refunded to the Purchaser.

5. On the date falling 3 months after the Delivery Date, subject to the terms of the Agreement, the Purchaser shall pay to the Account an amount equal to the Final Consideration minus the First Payment. If such amount is negative, the Vendor shall pay such amount to the Purchaser within 5 business days of the determination of the Final Consideration.

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in Singapore with limited liability. It is principally engaged in investment holding. It is an indirect wholly-owned subsidiary of LaSalle Asia Opportunity VI LP, a limited partnership established in Singapore. LaSalle Asia Opportunity VI LP is a real estate opportunistic fund which invests in Asia. LaSalle Asia Opportunity VI LP's wide investor base is made up of global institutional investors such as pension funds.

LaSalle Asia Opportunity VI LP is managed by LaSalle Asia Opportunity VI GP Pte. Ltd. ("**LaSalle Asia Opportunity VI GP**"), which is an indirect wholly-owned subsidiary of Jones Lang LaSalle Inc. ("**JLL**"). JLL is a company listed on The New York Stock Exchange under the symbol "JLL".

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser, LaSalle Asia Opportunity VI LP, LaSalle Asia Opportunity VI GP and JLL is independent of the Company and connected persons (as defined in the Listing Rules) of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability. The principal activity of the Target Company is the lease of self-owned properties.

The net assets and total assets value of the Target Company as extracted from its unaudited accounts as at 30 June 2022 were approximately RMB114,290,500 and RMB406,944,900 respectively.

The financial results of the Target Company as extracted from the unaudited accounts for the two financial years ended 31 December 2021 are as follows:

	For the year ended	
	31 December	
	2021	2020
	<i>(RMB)</i>	<i>(RMB)</i>
Net (loss)/profit before taxation and extraordinary items	(3,723,653)	161,677
Net (loss)/profit after taxation and extraordinary items	(2,589,083)	121,258

INFORMATION ON THE PROPERTY

The details of the Property are as follows:

Address:	中國上海市楊浦區黃興路18號 (No. 18, Huang Xing Road, Yangpu District, Shanghai, the PRC*)
Property use:	commercial and office
Property right area:	11,427.24 square meters
Number of floors:	22 above-ground floors and 2 under-ground floors

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company. The Group is principally engaged in development and sales of properties in the PRC and the United States. Holding investment properties and hence earning rental income is not a major development direction for the Company in the future. The sale of the Property at market price at this stage will help strengthen cash flow and further enhance its ability to cope with industrial and cyclical risks.

Based on the foregoing, the 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.

FINANCIAL IMPACT OF THE DISPOSAL

Upon completion of the Disposal, the Company will cease to have any interest in the Target Company. The Target Company will cease to be a subsidiary of the Company and its financial results shall no longer be consolidated to the consolidated financial statements of the Company.

It is expected that the Group will record a net book loss of approximately RMB56,466,962 from the Disposal, which is calculated with reference to the difference between (i) the Initial Consideration and (ii) the aggregate of (aa) the estimated unaudited net asset value of the Target Company as at 30 June 2022; and (bb) the estimated expenses in connection with the Disposal. The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the determination of the Final Consideration and the review and final audit by the auditors of the Company. It is expected that the net proceeds from the Disposal will be used for general working capital and repayment of debts of the Group.

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 5% or more 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 acquisition agreement dated 24 October 2022 entered into by the Vendor, the Vendor Guarantors and the Purchaser in relation to, among other things, the Disposal
“Board”	the board of Directors
“Company”	Landsea Green Management Limited (formerly known as 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)
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Sale Equity Interests pursuant to the terms and conditions of the Agreement
“Existing Lender”	the existing lender in relation to the Existing Loan, which is, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, independent of the Company and connected persons (as defined in the Listing Rules) of the Company
“Existing Loan”	the secured facility in the outstanding principal amount of RMB180,000,000 owing to the Existing Lender the repayment obligations of which shall be novated from the Target Company as borrower to the Vendor as borrower and in connection with which the Property was mortgaged in favour of the Existing Lender
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Initial Consideration”	the initial consideration for the Sale Equity Interests in the amount of RMB102,489,655.35, subject to adjustments
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Property”	上海黃興大樓 (Shanghai Huangxing Building*)
“Purchaser”	LAO VI CN Company VI Pte. Ltd., a company incorporated in Singapore with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Equity Interests”	100% equity interest in the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	上海朗松實業有限公司 (Shanghai Langsong Enterprises Company Limited*), a company established in the PRC with limited liability and is wholly-owned by the Vendor as at the date of this announcement, which is the sole legal and beneficial owner of the Property
“Vendor”	上海朗緒企業管理諮詢有限公司 (Shanghai Langxu Enterprise Management Consultancy Company Limited*), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Vendor Guarantor 1”	南京朗銘地產集團有限公司 (Nanjing Langming Property Group Limited*), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Vendor Guarantor 2”	上海朗青投資管理有限公司 (Shanghai Langqing Investment Management Limited*), a company established in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Vendor Guarantors”	collectively, Vendor Guarantor 1 and Vendor Guarantor 2
“%”	per cent.

By Order of the Board
Landsea Green Management Limited
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 24 October 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 Ms. Gu Jing 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.

* For identification purposes only