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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

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

**EXEMPTED CONNECTED TRANSACTION
PROPERTY TRANSFER AGREEMENT**

THE PROPERTY TRANSFER AGREEMENT

On 8 March 2024, the Group entered into the Property Transfer Agreement with Landsea Green Life Group, pursuant to which the Group shall transfer the Target Property to Landsea Green Life Group at a consideration of RMB9,071,671, which shall be settled by offsetting the equivalent outstanding amount payable by the Group to Landsea Green Life Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Mr. Tian, the chairman and executive director of the Company, is a connected person of the Company; and (ii) Landsea Green Life is indirectly held as to 40.20% by Mr. Tian. As Landsea Green Life is an associate of Mr. Tian, it is a connected person of the Company. The Property Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Property Transfer is more than 0.1% but less than 5%, the Property Transfer is subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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SUMMARY OF THE PROPERTY TRANSFER AGREEMENT

A summary of the Property Transfer Agreement is set out below:

Date

8 March 2024

Parties

- (i) Group Member A;
- (ii) Group Member B;
- (iii) Group Member C;
- (iv) Group Member D;
- (v) Group Member E;
- (vi) Landsea Green Life Group Member A; and
- (vii) Landsea Green Life Group Member B.

Subject matter

Pursuant to the Property Transfer Agreement, Group Member E agreed to transfer the Target Property to Landsea Green Life Group Member A to settle the corresponding outstanding amounts owed by Group Member A, Group Member B, Group Member C, Group Member D and Group Member E to Landsea Green Life Group Member A and Landsea Green Life Group Member B.

Consideration

The consideration for the Property Transfer is RMB9,071,671, which will be settled by offsetting the equivalent outstanding amount payable by Members of the Group to Landsea Green Life Group arising from the provision of services by Landsea Green Life Group to them.

The consideration for the Property Transfer was determined by the parties after arm's length negotiations and on normal commercial terms after taking into account, among other things, (i) the details of information and valuation of the Target Property (the valuation of the Target Property as at 31 December 2023 based on the assumptions stated in the valuation report was RMB10,990,000 according to an independent valuation report conducted by the Independent Qualified Valuer using the market approach); and (ii) the reasons and benefits as detailed in the paragraphs headed "Reasons for and benefits of entering into the Property Transfer Agreement" below.

Valuation

Details of the aforesaid Independent Qualified Valuer's valuation report are as follows:

(1) Valuation method

The methodology adopted in preparing the Independent Valuation Report was the market comparison approach. The market comparison approach considers transactions in the market for similar properties and directly compares the properties to be valued with the comparable properties transacted close to the valuation benchmark date. Comparable properties of similar location, quality and size are analyzed and adjusted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

The Target Property is the office premises and car parking spaces for a commercial office project, where there are many comparable sales cases (within the same supply and demand circle, same usage and adjacent areas) in the region similar to the Target Property, and the market transactions are active. Therefore, the market comparison method is adopted in this valuation.

(2) Valuation assumptions

(a) General assumptions

The valuation has been made on the assumption that the seller sells the Target Property interest at the market value of the property interest without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to affect the value of the property interest.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Target Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value. It is also assumed in the valuation that the property target can be freely transacted in the market without payment of land premium or any other fees or payments.

(b) Special assumptions

The Target Property comprises the title to the car parking spaces and the right-of-use of the car parking spaces. The title to the car parking spaces can be transferred by way of sale. Therefore, it is assumed that the title to the car parking spaces in the Target Property can be freely transferred without any additional costs.

(3) Selection of comparable properties

In conducting the valuation, the Independent Qualified Valuer made reference to the relevant disposal comparable properties and made a selection based on the following criteria:

- (a) Timing — comparable sales transactions and quotations in recent 12 months;
- (b) Location — similar traffic conditions as the Target Property, within the same supply and demand circle or within 5 km of the Target Property;
- (c) Building status — comparable properties have similar building status and amenities as the Target Property; and
- (d) Usage — the comparable properties are used as office premises or car parking spaces.

The Independent Qualified Valuer has analysed recent market sales transactions of similar properties and conducted a comparison with the Target Property. Each comparable property is analysed on the basis of its unit rate; the characteristics of each comparable property are compared with the Target Property and where there is a difference, the unit rate is adjusted to arrive at the appropriate unit rate for the Target Property. The comparable properties were finalised taking into account the timing, location, building status and usage of the Target Property. In valuing the Target Property, the comparable properties are exhaustive based on the above selection criteria.

Completion

Landsea Green Life Group Member A (or its designated party) will, as a purchaser, enter into a sale and purchase agreement with Group Member E and complete the relevant procedures before 31 December 2024.

The Target Property

The Target Property is comprised of 2 office premises and 6 car parking spaces located at the Landsea Peak in Cloud Project developed and completed by the Group in 2011 in Putuo District, Shanghai, the PRC, with a total gross floor area of approximately 784.05 square metres. The Landsea Peak in Cloud Project is one of the green and quality office projects developed and constructed by the Group. Located on Yunling East Road in Shanghai, the project is in close proximity to Changfeng Park with abundant ancillary facilities and good marketability.

As the Target Property is part of the property projects developed by the Group, there is no original acquisition cost incurred in acquiring the Target Property.

FINANCIAL EFFECT OF THE PROPERTY TRANSFER AND USE OF PROCEEDS

Subject to final audit, the Group expects to record a loss of approximately RMB6.08 million from the Property Transfer. Such loss is calculated based on the consideration for the Property Transfer (i.e. RMB9,071,671) less the relevant construction costs, expenses and taxes in respect of the Target Property (approximately RMB15.15 million).

As the consideration payable by Landsea Green Life Group to the Group for the Property Transfer will be set off against the equivalent amount payable by the Group to Landsea Green Life Group, no cash payment will be made by Landsea Green Life Group to the Group for the Property Transfer and therefore the Property Transfer will not generate any sales proceeds to the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY TRANSFER AGREEMENT

The Group entered into the Property Transfer Agreement with Landsea Green Life Group, providing an opportunity for the Group to settle the equivalent amount due and payable by the Group to Landsea Green Life Group by way of asset settlement instead of cash settlement, without any adverse impact on its cash flow and liquidity. Meanwhile, the Board is of the view that entering into the Property Transfer Agreement enables the realization of the value of the Target Properties by the Group, which is in the interests of the Group.

The Directors (including the independent non-executive Directors but excluding Mr. Tian who has abstained from voting on the relevant Board resolutions by virtue of his indirect holding of approximately 40.20% in Landsea Green Life) consider that the terms of the Property Transfer Agreement and the transactions contemplated thereunder are not entered into in the ordinary and usual course of business of the Group, but are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Board Approval

Mr. Tian, the chairman and executive director of the Company, indirectly holds approximately 40.20% of Landsea Green Life. Mr. Tian is considered to be interested in the transactions contemplated under the Property Transfer Agreement. Accordingly, Mr. Tian abstained from voting on the Board resolutions in relation to the transactions contemplated under the Property Transfer Agreement. Save as disclosed above, none of the Directors has a material interest in the transactions contemplated under the Property Transfer Agreement.

“Company”	Landsea Green Management Limited, 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 person”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Group Member A”	Shanghai Langxin Property Development Limited* (上海朗信房地產開發有限公司), a company established in the PRC
“Group Member B”	Suzhou branch of Shanghai Landsea Investment Management Limited* (上海朗詩投資管理有限公司蘇州分公司), a company established in the PRC
“Group Member C”	Shanghai Langming Property Development Limited* (上海朗銘房地產開發有限公司), a company established in the PRC
“Group Member D”	Shanghai Langxu Enterprise Management Co., Ltd* (上海朗叙企業管理有限公司), a company established in the PRC
“Group Member E”	Shanghai Kunhong Co., Ltd* (上海昆宏實業有限公司), a company established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Qualified Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuation company
“Landsea Green Life”	Landsea Green Life Service Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 1965)
“Landsea Green Life Group”	Landsea Green Life and its subsidiaries
“Landsea Green Life Group Member A”	Nanjing Landsea Property Management Co., Ltd. (南京朗詩物業管理有限公司), a company established in the PRC
“Landsea Green Life Group Member B”	Wuxi Huilin Yiju Real Estate Brokerage Co., Ltd.* (無錫匯鄰驛居房地產經紀有限公司), a company established in the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Members of the Group”	collectively, Group Member A, Group Member B, Group Member C, Group Member D and Group Member E
“Mr. Tian”	Mr. Tian Ming, the chairman and executive Director of the Company
“PRC”	the People’s Republic of China
“Property Transfer”	the transfer of the Target Property pursuant to the Property Transfer Agreement
“Property Transfer Agreement”	the agreement dated 8 March 2024 and signed by Group Member A, Group Member B, Group Member C, Group Member D, Group Member E, Landsea Green Life Group Member A and Landsea Green Life Group Member B in relation to the transfer of the Target Property
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Target Property”	2 office premises and 6 car parking spaces located at the Landsea Peak in Cloud Project developed and built by the Group in Putuo District, Shanghai, the PRC
“%”	per cent

By order of the Board
Landsea Green Management Limited
Gao Yuan
Company Secretary

Hong Kong, 8 March 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tian Ming and Mr. Huang Zheng, one non-executive Director, namely Ms. Gu Jing, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.

* *Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.*