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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 19 July 2018, Hangzhou Langhui and the Subject Company, indirect wholly-owned subsidiaries of the Company, entered into the Agreement with Zhongjunda Investment, pursuant to which Hangzhou Langhui and Zhongjunda Investment agreed to cooperate in the development of the Subject Project held by the Subject Company, whereby Hangzhou Langhui conditionally agreed to sell and Zhongjunda Investment conditionally agreed to purchase the Sale Shares at the consideration of RMB42,000,000.

In addition, Zhongjunda Investment agreed to enter into the Shareholder's Loan Agreement with the Subject Company, whereby Zhongjunda Investment conditionally agreed to provide Zhongjunda Investment Shareholder's Loan of not exceeding RMB138,000,000.

### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the transactions contemplated under the Agreement exceed 5% and all of such ratios are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

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## **THE AGREEMENT**

Set out below are the principal terms of the Agreement:

### **Date**

19 July 2018

### **Parties**

- (i) Hangzhou Langhui (an indirect wholly-owned subsidiary of the Company)
- (ii) Subject Company (an indirect wholly-owned subsidiary of the Company)
- (iii) Zhongjunda Investment

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

### **Subject Matter**

Pursuant to the terms of the Agreement, Hangzhou Langhui and Zhongjunda Investment agreed to cooperate in the development of the Subject Project held by the Subject Company. As at the date of this announcement, Hangzhou Langhui holds the entire equity interests of the Subject Company and the registered capital of the Subject Company is RMB65,000,000, RMB30,000,000 of which was paid by Hangzhou Langhui. The principal business of the Subject Company is real estate development and management. The Subject Company holds the Subject Project and its relevant information is set out in the section headed "Information on the Subject Project" below.

Pursuant to the Agreement, Hangzhou Langhui conditionally agreed to sell and Zhongjunda Investment conditionally agreed to purchase the Sale Shares at the consideration of RMB42,000,000.

### **Share transfer consideration**

The consideration for transfer of the Sale Shares is RMB42,000,000, which was determined based on 60% of the equity transfer consideration borne by Hangzhou Langhui for acquisition of the Subject Company.

### **Conditions precedent to the payment of share transfer consideration**

Payment of the share transfer consideration by Zhongjunda Investment is subject to, among others, fulfillment (or written waiver by Zhongjunda Investment) of the following conditions precedent:

- (1) the signing and coming into effect of the Agreement;
- (2) Hangzhou Langhui having obtained the confirmation documents in respect of the transaction consideration for the acquisition of the Subject Company;
- (3) the real estate ownership certificate, the land use planning permit, the qualification certificate for real estate development company of the Subject Company, and other government approvals, permits and authorizations required for the Subject Company to carry out project construction and other production and business activities being valid and effective; and
- (4) there being no event of default on the terms of the Agreement and the respective undertakings by the Subject Company and Hangzhou Langhui.

### **Payment method of the share transfer consideration**

Within 10 working days after all the above conditions precedent having been satisfied (or waived), Zhongjunda Investment shall pay the share transfer consideration in one lump sum.

### **Completion**

Hangzhou Langhui and the Subject Company shall, within ten working days after Zhongjunda Investment pays the share transfer consideration, register the industrial and commercial change in respect of the Sale Shares with the industrial and commercial registration department. Completion shall take place upon completion of the industrial and commercial registration procedures of the Sale Shares and obtaining the renewed business licence.

Upon completion of the transactions contemplated under the Agreement, the Subject Company will no longer be a subsidiary of the Company, which will be held as to 40% by the Group and 60% by Zhongjunda Investment, and will be accounted as a joint venture of the Company, the financial results of which will no longer be consolidated to the financial statements of the Group.

### **Management of the Subject Company**

The board of directors of the Subject Company will be comprised of three directors, among whom two will be appointed by Zhongjunda Investment and one will be appointed by Hangzhou Langhui. The chairman of the board of directors shall be the director nominated by Zhongjunda Investment. Resolutions of the board of directors shall be passed by unanimous approval of all directors.

### **ZHONGJUNDA INVESTMENT SHAREHOLDER'S LOAN**

Zhongjunda Investment shall provide the Zhongjunda Investment Shareholder's Loan of not exceeding RMB138,000,000 to the Subject Company upon completion of the acquisition of the Sale Shares. The Zhongjunda Investment Shareholder's Loan was calculated based on: (i) RMB114,000,000 of which will be used to partially repay the shareholder's loan of RMB190,000,000 provided by Hangzhou Langhui to the Subject Company as at the date of this announcement; and (ii) the remaining amount will be calculated based on the development and construction and daily operations of the Subject Company.

The term of the Zhongjunda Investment Shareholder's Loan shall be 36 months commencing from the payment of the first instalment.

The annual interest of the Zhongjunda Investment Shareholder's Loan is 10%.

### **INFORMATION ON THE PARTIES**

Zhongjunda Investment is a company incorporated in the PRC with limited liability, its principal activities are project investment, investment management and asset management.

The Subject Company is a company incorporated in the PRC with limited liability. The principal activity of the Subject Company is the holding of the Subject Project for real estate development and operation. The Group acquired the entire interest in the Subject Company on 3 January 2017 pursuant to an acquisition agreement.

The net assets and total assets value of the Subject Company as extracted from its unaudited accounts as at 30 June 2018 was approximately RMB68,605,146 and RMB308,313,642 respectively.

The financial results of the Subject Company as extracted from the unaudited accounts for the two financial years ended 31 December 2017 are as follows:

	<b>For the year ended 31 December</b>	
	<b>2016</b>	<b>2017</b>
	<i>(RMB)</i>	<i>(RMB)</i>
Net loss before taxation and extraordinary items	286,932	634,301
Net loss after taxation and extraordinary items	555,490	834,229

It is expected that the Group will record a gain on Disposal of approximately RMB1,394,854 and a gain during the loan term of approximately RMB22,940,000 which was calculated based on the net asset value and the relevant loan of the Subject Company as set out in the unaudited accounts as at 30 June 2018.

## **INFORMATION ON THE SUBJECT PROJECT**

The details of the Subject Project held by the Subject Company are as follows:

Address:	寧波市江北區莊橋街道謝家村濱江 1#-1 地塊 (land parcel No. 1#-1 located in Xiejia Village, Zhuang Qiao Street, Binjiang, Jiangbei District , Ningbo City *)
Land use:	Commercial
Site area:	32,037 square meters
Land use right:	40 years for the commercial land

## **REASONS FOR AND BENEFITS OF THE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER**

The Group is principally engaged in real estate development services, long-term rental apartments, elderly services, and green design, decorations and property services and real estate finance in the PRC and the United States.

The Group is committed to finding suitable projects to expand its property development business in the PRC. Through the introduction of Zhongjunda Investment as cooperation partner to cooperate in the investment on the Subject Project help the Group to spread its investment risks, improve capital efficiency as well as generate sales revenue, and the Subject Project will continue to be managed by the Group, which is in line with the asset-light development strategy of the Group.

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.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the transactions contemplated under the Agreement exceed 5% and all of such ratios are less than 25%, the transactions contemplated under the Agreement constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **DEFINITIONS**

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

“Agreement”	the investment agreement entered into by Hangzhou Langhui, the Subject Company and Zhongjunda Investment on 19 July 2018, pursuant to which Hangzhou Langhui agreed to sell and Zhongjunda Investment agreed to purchase the Sale Shares
“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)
“Completion”	completion of the transfer of the Sale Shares pursuant to the terms of the Agreement
“Director(s)”	the director(s) of the Company

“Disposal”	the proposed disposal of the Sale Shares pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Hangzhou Langhui”	杭州朗輝投資管理有限公司(Hangzhou Langhui Investment Management Company Limited*), a company incorporated in the PRC with limited liability, which is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Landsea Group”	朗詩集團股份有限公司(Landsea Group Co., Ltd.*), a company established in the PRC with limited liability, the ultimate controlling shareholder of the Company
“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, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sale Shares”	60% equity interest in the Subject Company
“Shareholder’s Loan Agreement”	the shareholder’s loan agreement to be entered into between the Subject Company and Zhongjunda Investment relating to the provision of the Zhongjunda Investment Shareholder’s Loan by Zhongjunda Investment to the Subject Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Company”	寧波金沃商業投資有限公司(Ningbo Jinwo Commercial Investment Company Limited*), a company incorporated in the PRC with limited liability and is wholly-owned by Hangzhou Langhui as at the date of this announcement, which is the sole legal and beneficial owner of the Subject Project

“Subject Project”	the property development project on 寧波市江北區莊橋街道謝家村濱江 1#-1 地塊 (land parcel No. 1#-1 located in Xiejia Village, Zhuang Qiao Street, Binjiang, Jiangbei District , Ningbo City *)
“Zhongjunda Investment”	南京中駿達投資有限公司(Nanjing Zhongjunda Investment Co., Limited*), a company established in the PRC with limited liability
“Zhongjunda Investment Shareholder’s Loan”	the shareholder’s loan to be provided by Zhongjunda Investment to the Subject Company which shall not exceed RMB138,000,000
“%”	per cent

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

Hong Kong, 19 July 2018

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Tian Ming, Mr. Xiang Jiong, Ms. Shen Leying, Mr. Xie Yuanjian and Ms. Zhou Qin, one non-executive Director, namely Mr. Zhou Yimin and, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Ding Yuan and Mr. Lee Kwan Hung.*

*\*For identification purposes only*