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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**

#### **THE ACQUISITION**

The Board announces that on 18 December 2017, Guangzhou Langxiu, a wholly-owned subsidiary of the Company entered into the Agreement with the Vendors, pursuant to which (1) Guangzhou Langxiu conditionally agreed to acquire, and Vendor I conditionally agreed to sell, the entire equity interest of the Subject Company at the Equity Consideration of RMB230,000,000 (subject to adjustment), and (ii) Guangzhou Langxiu conditionally agreed to accept assignment of and Vendor II conditionally agreed to assign, the Loan, at the Loan Consideration of RMB30,000,000.

#### **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceed 5% and all of such ratios are less than 25%, the Acquisition 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.

## THE ACQUISITION

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## THE AGREEMENT

Set out below are the principal terms of the Agreement:

### Date

18 December 2017

### Parties

Purchaser: Guangzhou Langxiu

Vendors: 建昭有限公司(Jianzhao Company Limited\*) (“**Vendor I**”)  
漢國置業（深圳）有限公司廣州分公司(Hanguo Properties (Shenzhen) Company Limited, Guangzhou Branch\*) (“**Vendor II**”)

Guarantor of the Purchaser: Nanjing Langming

Guarantor of the Vendors: 漢國置業（中國）有限公司(Hanguo Properties (China) Company Limited\*) (the “**Guarantor**”)

Parties for escrow accounts: Shanghai Langqing (on behalf of the Purchaser)  
漢國置業（深圳）有限公司(Hanguo Properties (Shenzhen) Company Limited\*) (on behalf of the Vendors)

Vendor I, Vendor II and the Guarantor are all wholly-owned subsidiaries of Hon Kwok Land Investment Company, Limited (“**Hon Kwok Land**”), the shares of which are listed on the Stock Exchange (Stock Code: 160), while Han Kwok Land is a subsidiary of Chinney Investments, Limited (“**Chinney Investments**”), the shares of which are listed on the Stock Exchange (Stock Code: 216). To the best knowledge, information and belief of the Directors after making all reasonable enquiries, each of Vendor I, Vendor II, the Guarantor, Hon Kwok Land, Chinney Investments and their respective controlling shareholders are independent of the Company and the connected persons of the Company (as defined under the Listing Rules).

## **Subject matter**

Pursuant to the terms of the Agreement, (1) Guangzhou Langxiu conditionally agreed to acquire, and Vendor I conditionally agreed to sell, the entire equity interest of the Subject Company at the Equity Consideration of RMB230,000,000 (subject to adjustment), and (ii) Guangzhou Langxiu conditionally agreed to accept assignment of and Vendor II conditionally agreed to assign, the Loan, at the Loan Consideration of RMB30,000,000.

## **Subject property**

The Subject Property is situated at Room 1501, 1-14 Floor, Basement of No. 151 Jiefang South Road; and the car parks no. 103-107 at 4th Floor underground, No. 123 Jiefang South Road, Yuexiu District, Guangzhou, the PRC.

## **Conditions Precedent**

The completion of the Acquisition is subject to the fulfillment or waiver of the following conditions precedent, including:

- (1) representation, warranties and undertakings: the representation and warranties made by the parties to the Agreement shall remain true and accurate in all aspects from the time they were made and up to and including the date of completion and shall have the same effect as if they were made on the date of completion, save for those precisely expressed to be made on specific dates, and the undertaking and commitment which need to be performed on or before the completion date shall have been so performed;
- (2) the Agreement and the escrow agreements in relation to the opening of escrow accounts shall have been signed into effect by the parties, and their respective authorized representative shall have been lawfully and effectively authorized to sign, deliver and perform the same;
- (3) the escrow accounts shall have been opened and Guangzhou Langxiu and/or Shanng hai Langqing shall have deposited sufficient fund into the escrow accounts pursuant to the Agreement;
- (4) the Subject Company shall have completed the industrial and commercial registration procedures and filed with the Ministry of Commerce in respect of the changes in its shareholder, constitutional document, senior management and legal representative, and shall have obtained the renewed business licence;
- (5) no governmental department has made, released, issued, enforced or approved any laws or government orders resulting in the Acquisition being illegal or being imposed on extra restriction or prohibition;

- (6) no legal procedures or litigations have occurred or may have occurred against the Subject Company, the Subject Equity and the Subject Property, with a purpose to restrict the transfer of equity interest or cause material changes to the terms and conditions of the Agreement, or, to the reasonable and well-intentioned judgement of Guangzhou Langxiu based on objective evidence, may result in completion of the equity transfer unable to realize or being illegal, or not suitable to proceed, or may cause material adverse impact on the Company, the Subject Equity and the Subject Property;
- (7) there being no material adverse changes in respect of the Subject Company, the Subject Equity and the Subject Property, nor has there been any single or a number of events that have singly or jointly resulted in any significant adverse changes, and it is reasonable expectation that there may not be a single or common cause of significant adverse effect;
- (8) the Subject Company has obtained all necessary consent from third parties including, but not limited to, bank creditors (if any), for the signing and performance of the Agreement, and such signing and performance of the Agreement will not result in any breach of PRC laws by the Subject Company;
- (9) the Subject Company has terminated employment with all employees and there being no employment disputes; the social insurance and housing provident fund for each employee have been terminated or sealed; the Subject Company shall have no other employee as at the completion date;
- (10) the Subject Company shall have terminated tenancy with other tenants of the Subject Property such that there being no other tenant to the Subject Property and no tenancy agreement binding the Subject Property, save for the 1st Floor underground, 16th Floor and relevant car parks of the Subject Property as well as those leasing with a term up to 31 December 2018 as agreed by Guangzhou Langxiu; and there being no arbitration or litigation in respect of the tenancy between the Subject Company and its tenants as at the completion date;
- (11) the tenancy agreement entered into by the Subject Company relating to the leasing of Room 1502, 15th Floor, No. 151 Jiefang South Road, Guangzhou (non-residential) continues to be effective, the principal terms of which have not been amended substantially as to affect the Subject Company, or been terminated; and
- (12) Vendor I has issued a confirmation letter to Guangzhou Langxiu with regard to the Acquisition confirming the above conditions precedent have been fulfilled.

Guangzhou Langxiu may waive the above items (1) to (12) while Vendor I may waive the above items (1) to (4), both in writing.

The completion shall take place within three business days following the date on which all the conditions precedent are fulfilled or waived (if applicable). The parties shall act their best endeavors to procure completion by 31 January 2018.

## **Total Consideration**

The consideration for acquisition of the equity interest of the Subject Company is RMB230,000,000 (subject to adjustment) and the Loan Consideration is RMB30,000,000.

The Equity Consideration shall be adjusted pursuant to the financial statements as at the completion date, on the basis as set out below:

the total trade receivables as presented on the financial statements as at the completion date

plus

the total cash as presented on the financial statements as at the completion date

less

the total payables, remuneration payable, tax payable and other payables as presented on the financial statements as at the completion date

- (i) If the result is within RMB200,000 (inclusive) plus or minus, the adjustment amount shall be nil;
- (ii) If the result exceeds RMB1,000,000 plus or minus, the adjustment amount shall be RMB1,000,000 which is also the adjustment limit; and
- (iii) If the result is less than RMB200,000 (exclusive) minus but more than RMB1,000,000 (inclusive) minus, or more than RMB200,000 (exclusive) but less than RMB1,000,000 (inclusive), the adjustment amount shall be the actual amount.

The Total Consideration was determined by the parties after arm's length negotiation by reference to the prevailing market value of the Subject Property.

The Total Consideration for the Acquisition shall be paid from, including but not limited to, the internal resources of the Group and bank loans. The Group will also identify suitable partners to cooperate in development of the Subject Property.

## **Payment of the Total Consideration**

Guangzhou Langxiu shall pay the Total Consideration in the manner as set out below:

- (1) Shanghai Langqing and Vendor II have opened an escrow account (the “**Escrow Account A**”) with Industrial and Commercial Bank of China, Guangzhou Fangcun Branch (the “**Custodian Bank**”) and Shanghai Langqing has deposited RMB52,000,000 into Escrow Account A;
- (2) within five business days after signing of the Agreement, Guangzhou Langxiu shall enter into an escrow agreement with Vendor II and the Custodian Bank, and open a new escrow account in the name of Guangzhou Langxiu with the Custodian Bank (the “**Escrow Account B**”). Guangzhou Langxiu shall deposit an amount of RMB208,000,000 to Escrow Account B within three business days before submission of application documents by the Subject Company in relation to the industrial and commercial changes registration procedures, provided that the following conditions precedent shall have been fulfilled and Vendor I shall have provided relevant supporting materials to Guangzhou Langxiu and Guangzhou Langxiu shall have inspected and confirmed on the same:
  - (i) the indirect shareholder of Vendor I, which is a listed company, as well as the Company, have made announcements in relation to the Acquisition;
  - (ii) there being no adverse changes to the the legal conditions (including but not limited to the ownership situation) of the Subject Company, Subject Property, Subject Equity and the Loan, as well as the operation status of the Subject Company and the physical conditions of the Subject Property; and no event resulting in Guangzhou Langxiu fails to complete the Acquisition;
  - (iii) the documents and materials have been put under joint administration pursuant to the Agreement; and
  - (iv) no breach of the Agreement by the Subject Company, Vendor I and its connected parties.
- (3) within five business days after the completion date:
  - (i) Vendor II and Shanghai Langqing shall re-direct all the amount in Escrow Account A, being RMB52,000,000, to the designated bank account opened in the name of Vendor II (“**Designated Account**”); and
  - (ii) Guangzhou Langxiu and Vendor II shall re-direct all the amount in Escrow Account B, after deduction of reserved fund of RMB25,000,000 (“**Reserved Fund**”) which amounted to RMB183,000,000 to the Designated Account. The Reserved Fund shall only be used (i) by Guangzhou Langxiu to pay the tax and expenses in relation to the Acquisition which should have been paid by Vendor I pursuant to the PRC laws; or (ii) as Transfer Amount (as defined below) pursuant to the terms of the Agreement;

- (iii) within three business days following confirmation of adjusted amount pursuant to the financial statements as at the completion date, if the adjustment amount is positive, Guangzhou Langxiu and/or Shanghai Langqing shall deposit an amount equivalent to the adjusted amount (no more than RMB1,000,000) in to Escrow Account B, while Guangzhou Langxiu and Vendor II shall assist in handling the relevant change procedures of Escrow Account B; if the adjustment amount is negative, Guangzhou Langxiu and Vendor II shall transfer the absolute amount (“**Transfer Amount**”) of the adjusted amount (no more than RMB1,000,000) from Escrow Account B to the bank account of Shanghai Langqing or such other bank account designated by Shanghai Langqing in writing.

The Total Consideration was determined after arm’s length negotiation by Guangzhou Langxiu and the Vendors by reference to the prevailing market value and rental return of the Subject Property.

### **INFORMATION ON THE SUBJECT COMPANY**

The Subject Company is a company incorporated in the PRC with limited liability, which is principally engaged in real estate development, sale and property management.

The net asset and total asset of the Subject Company as extracted from its unaudited accounts as at 30 September 2017 was RMB37,284,288 and RMB67,323,137 respectively.

The financial results of the Subject Company as extracted from its audited accounts for the two financial years ended 31 December 2016 were set out below:

	<b>For the year ended 31 December</b>	
	<b>2016</b>	<b>2015</b>
	<i>(RMB)</i>	<i>(RMB)</i>
Profit/(loss) before tax and extraordinary items	(513,538)	2,580,421
Profit/(loss) after tax and extraordinary items	(513,538)	1,938,118

Upon completion of the Acquisition, the Subject Company will become an indirect wholly-owned subsidiary of the Company and its financial results will be consolidated to the financial statements of the Group.

### **INFORMATION ON THE VENDORS**

Vendor I is a company incorporated in Hong Kong which is principally engaged in investment holding.

Vendor II is a branch of a company incorporated pursuant to the laws of the PRC with limited liability, which is a connected party of Vendor I. It is principally engaged in real estate consultancy services and corporate management consultancy services.

The Guarantor is a company incorporated Hong Kong with limited liability which indirectly holds 100% equity interest of Vendor I and shall provide guarantee for the responsibilities of Vendor I under the Agreement. It is principally engaged in investment holding.

漢國置業(深圳)有限公司 (Hanguo Properties (Shenzhen) Company Limited\*) is a company incorporated pursuant to the laws of the PRC, which is an indirect wholly-owned subsidiary of the Guarantor, and which is principally engaged in real estate development and management and own property management, mobile vehicle parking, real estate consulting and real estate corporate consultancy management. It will assist on escrow accounts pursuant to the Agreement.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in property development in the PRC and the United States. The Company is the listed platform under Landsea Group engaging in green residential property development business.

The Group is committed to finding suitable project to expand property development business in the PRC. The Subject Property is located in the centre of Guangzhou City with convenient transportation, life and commercial facilities, which is the key area of urban renewal with great potential. The Group acquired relevant interest in the Subject Property through the Acquisition and aims at converting the Subject Property to boutique long-term rental apartments to get returns on investment.

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.

## **LISTING RULES IMPLICATIONS**

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

## **DEFINITIONS**

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

“Acquisition”	the acquisition by Guangzhou Langxiu of the entire equity interest of the Subject Company and the Loan
“Agreement”	the acquisition agreement dated 18 December 2017 entered into by Guangzhou Langxiu and the Vendors in relation to the acquisition of the entire equity interest of the Subject Company



“Board”	the 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)
“Director(s)”	the director(s) of the Company
“Equity Consideration”	the consideration for acquisition of the entire equity interest of the Subject Company payable by Guangzhou Langxiu pursuant to the Agreement of RMB230,000,000 (subject to adjustment)
“Group”	the Company and its subsidiaries
“Guangzhou Langxiu”	廣州朗秀企業管理諮詢有限公司 (Guangzhou Langxiu Corporate Management consulting Limited*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“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
“Loan”	the loan owed by the Subject Company to Vendor II, which amounted to RMB30,000,000 as at the date of the Agreement
“Loan Consideration”	the consideration for assignment of the Loan of RMB30,000,000
“Nanjing Langming”	南京朗銘地產集團有限公司 (Nanjing Langming Real Estate Group Company Limited*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement

“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
“Shanghai Langqing”	上海朗青投資管理有限公司 (Shanghai Langqing Investment Management Company Limited*), a company incorporated in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Company”	廣州市建昭置業有限公司 (Guangzhou Jianzhao Properties Company Limited*), a company established in the PRC
“Subject Equity”	the entire equity interest of the Subject Company
“Subject Property”	中國廣州越秀區解放南路151號地下室、1-14樓、1501房；解放南路123號負四層103號至107號車位 (Room 1501, 1-14 Floor, Basement of No. 151 Jiefang South Road, Yuexiu District, Guangzhou, the PRC; and the car parks no. 103-107 at 4th Floor underground, No. 123 Jiefang south Road*)
“Total Consideration”	the total amount of the Equity Consideration and the Loan Consideration
“Vendors”	collectively, Vendor I and Vendor II
“%”	percentage

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

Hong Kong, 18 December 2017

*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 three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Ding Yuan and Mr. Lee Kwan Hung.*