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Landsea Green Life Service Company Limited

朗詩綠色生活服務有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock code: 1965)

CONNECTED TRANSACTION EXCLUSIVE SALES AGENCY AGREEMENT

EXCLUSIVE SALES AGENCY AGREEMENT

On 15 September 2021, Chengdu Huilin, an indirect wholly-owned subsidiary of the Company, and Chengdu Langhua entered into the Exclusive Sales Agency Agreement pursuant to which, Chengdu Langhua agreed to designate Chengdu Huilin as the exclusive sales agent of the Project for the Term. Pursuant to the Exclusive Sales Agency Agreement, Chengdu Huilin shall pay Chengdu Langhua the Deposit as the security deposit for the performance by Chengdu Huilin of its obligations under the Exclusive Sales Agency Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Chengdu Langhua is an indirect wholly-owned subsidiary of Landsea Group. Mr. Tian, the Chairman and a non-executive Director, is beneficially interested in 50% of Landsea Group, and therefore Chengdu Langhua is an associate of Mr. Tian, a connected person of the Company. Accordingly, the transactions contemplated under the Exclusive Sales Agency Agreement constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the payment of the Deposit contemplated under the Exclusive Sales Agency Agreement is more than 0.1% and all of the applicable percentage ratios are less than 5%, the payment of the Deposit contemplated under the Exclusive Sales Agency Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement.

INTRODUCTION

On 15 September 2021, Chengdu Huilin, an indirect wholly-owned subsidiary of the Company, and Chengdu Langhua entered into the Exclusive Sales Agency Agreement pursuant to which, Chengdu Langhua agreed to designate Chengdu Huilin as the exclusive sales agent of the Project for the Term.

The principal terms of the Exclusive Sales Agency Agreement are as follows:

Exclusive Sales Agent

Chengdu Langhua agreed to designate Chengdu Huilin as the exclusive sales agent to provide property agency service for the Project during the Term.

Under the Exclusive Sales Agency Agreement, Chengdu Huilin and Chengdu Langhua agreed on certain pre-determined minimum prices for the properties and car parking spaces in the Project and Chengdu Huilin shall not sell the properties at less than the relevant pre-determined minimum prices. The pre-determined minimum prices of the properties and car parking spaces were determined based on the property prices of the surrounding area of the Project, the comparison of accessibility and business atmosphere of the Project and its surrounding area, the preliminary market valuation of the Project and the marketing costs to be involved in relation to the Project.

Deposit

Chengdu Huilin shall, within fifteen (15) business days of the execution of the Exclusive Sales Agency Agreement, pay Chengdu Langhua the Deposit as the security deposit for the performance by Chengdu Huilin of its obligations under the Exclusive Sales Agency Agreement. The amount of the Deposit represents the aggregate pre-determined minimum prices of the properties and car parking spaces in the Project for sale by Chengdu Huilin. The Deposit will be settled by the Group using cash from its internal resources.

Commission

Pursuant to the Exclusive Sales Agency Agreement, Chengdu Huilin shall charge Chengdu Langhua the commission for the properties sold, which represent, after deducting the taxes in accordance with the relevant national taxation policies in the PRC, the difference between the actual sales price of the properties or car parking spaces sold by Chengdu Huilin and the aggregate pre-determined minimum prices of such properties or car parking spaces sold.

The commission for the properties and car parking spaces sold will be calculated within five days before the end of each quarter. Chengdu Langhua shall pay Chengdu Huilin 80% of the proceeds received by Chengdu Langhua from the properties and car parking spaces sold during each quarter. Such fee includes the commission and the portion of the Deposit paid by Chengdu Huilin in relation to the relevant properties and car parking spaces. After the sale of all properties and car parking spaces in the Project or the expiry of the Term, whichever is earlier, Chengdu Langhua and Chengdu Huilin shall calculate the balance of the Deposit and commission outstanding. Chengdu Langhua shall, within thirty (30) business days after the receipt of the relevant invoice and information, settle the outstanding commission and the remaining balance of the Deposit.

Should a potential buyer choose not to complete the transaction after signing the sale and purchase agreement, the deposit paid by such potential buyer will be forfeited in accordance with the terms and conditions of the sale and purchase agreement and such deposit shall belong to Chengdu Langhua. If Chengdu Huilin is unable to sell the relevant property(ies) and/or car parking space(s) and complete the transaction contemplated under the abovementioned sale and purchase agreement during the Term, Chengdu Langhua has the right to directly deduct the commission in respect of the relevant property(ies) and/or car parking space(s) under the sale and purchase agreement that has been paid to Chengdu Huilin from any fees payable to Chengdu Huilin. In the event that there is no outstanding payment at the part of Chengdu Langhua, Chengdu Huilin shall within five (5) days refund the relevant commission to Chengdu Langhua, failing which Chengdu Huilin shall pay a penalty of 0.05% of the total outstanding payment for each day during the overdue period.

The aggregate commission payable under the Exclusive Sales Agency Agreement, together with other service fees which may be received under the Framework Services Agreement, for each of the three years ending 31 December 2023 shall not exceed RMB155 million, RMB155 million and RMB156 million, respectively, being the annual caps of the service fees payable by Mr. Tian's associates (excluding the Group but including the Group's joint ventures and associates) to the Group in relation to property management services and value-added services (including property agency services) to be provided by the Group under the Framework Services Agreement.

Information on the Project

The Project comprises 96 commercial properties and 22 car parking spaces in No. 74, Da Qing Road, Qing Yang District, Chengdu, PRC. Chengdu Langhua has the right to adjust the scope of the Project by serving ten (10) business days' written notice to Chengdu Huilin.

REASONS FOR AND BENEFITS OF THE EXCLUSIVE SALES AGENCY AGREEMENT

The Group has been dedicated in becoming a leading diversified property management services provider in the PRC. Through the cooperation with different parties and leveraging our capability to provide professional services and the leading edge of the information technology platform, the Group has the capability to provide diversified property management and value-added services to the property owners and occupants.

The Exclusive Sales Agency Agreement enables the Group to provide the required services to such buyers and sellers during the sale and purchase of the properties in the Project and charge the commission for the sales, thereby broadening the income base of the Group and bringing potential valuable returns for our Shareholders. Under the Exclusive Sales Agency Agreement, the Group is entitled to the difference between the actual sales price and the pre-determined minimum prices of the properties in the Project for sale by Chengdu Huilin. The Directors consider that the Group can generate reasonable return under the Exclusive Sales Agency Agreement. As Chengdu Huilin will be the exclusive sales agent of the Project, the Directors consider that the payment of the Deposit, which equals the aggregate pre-determined minimum prices of the properties in the Project as security and is fully refundable, is fair and reasonable.

The terms of the Exclusive Sales Agency Agreement are determined between the parties after arm's length negotiations. Taking into account the above, the Directors consider that the terms and conditions of the Exclusive Sales Agency Agreement are on normal commercial terms which are fair and reasonable and the entering into of the Exclusive Sales Agency Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE GROUP AND CHENGDU HUILIN

The Group is principally engaged in the provision of property management services, community value-added services and value added services to non-property owners in PRC.

The principal business scope of Chengdu Huilin includes the provision of marketing plans and sales agency service for developers and second-hand properties brokerage services for individual clients. As at the date of this announcement, Chengdu Huilin is an indirect wholly-owned subsidiary of the Company.

INFORMATION ON CHENGDU LANGHUA

Chengdu Langhua is principally engaged in real estate development and operation and related agency services.

As at the date of this announcement, Chengdu Langhua is an indirect wholly-owned subsidiary of Landsea Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Chengdu Langhua is an indirect wholly-owned subsidiary of Landsea Group. Mr. Tian, the Chairman and a non-executive Director, is beneficially interested in 50% of Landsea Group, and therefore Chengdu Langhua is an associate of Mr. Tian, a connected person of the Company. Accordingly, the transactions contemplated under the Exclusive Sales Agency Agreement constitute a connected transaction of the Company.

As one or more of the applicable percentage ratios pursuant to Rule 14.07 of the Listing Rules in respect of the payment of the Deposit contemplated under the Exclusive Sales Agency Agreement is more than 0.1% and all of the applicable percentage ratios are less than 5%, the payment of the Deposit contemplated under the Exclusive Sales Agency Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from the independent shareholders' approval requirement.

GENERAL

Mr. Tian, the Chairman and a non-executive Director, who is beneficially interested in 50% of Landsea Group which in turn held 100% of Chengdu Langhua as of the date of this announcement, is considered to have a material interest in the transactions contemplated under the Exclusive Sales Agency Agreement. Therefore, Mr. Tian has abstained from voting in respect of the resolutions for approving the Exclusive Sales Agency Agreement at the Board meeting. Save as disclosed above, none of the other Directors has any material interest in the Exclusive Sales Agency Agreement and the transactions contemplated thereunder, and none of them were required to abstain from voting on the resolutions considering and approving the Exclusive Sales Agency Agreement and the transactions contemplated thereunder at the Board meeting.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Chengdu Huilin”	Chengdu Huilin Yiju Real Estate Brokerage Co., Ltd.* (成都匯鄰驛居房地產經紀有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Chengdu Langhua”	Chengdu Langhua Real Estate Co., Ltd.* (成都朗華置業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Landsea Group
“Company”	Landsea Green Life Service Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1965)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Deposit”	a refundable security deposit for the performance of obligations in the amount of approximately RMB27,509,000, payable by Chengdu Huilin to Chengdu Langhua pursuant to the Exclusive Sales Agency Agreement
“Director(s)”	director(s) of the Company

“Exclusive Sales Agency Agreement”	the exclusive sales agency agreement and the related anti-corruption agreement dated 15 September 2021 entered into between Chengdu Langhua and Chengdu Huilin in relation to the engagement of Chengdu Huilin as the exclusive sales agent of the Project for the Term
“Framework Services Agreement”	the framework services agreement dated 16 June 2021 entered into between the Company and Mr. Tian, details of which are set out in the section headed “CONTINUING CONNECTED TRANSACTIONS” under the prospectus of the Company dated 25 June 2021
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Landsea Group”	Landsea Group Co., Ltd.* (朗詩集團股份有限公司), a company established in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Tian”	Mr. Tian Ming, the chairman and non-executive Director
“percentage ratio”	has the meaning ascribed to it under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Project”	The commercial properties and car parking spaces project located in No. 74, Da Qing Road, Qing Yang District, Chengdu, PRC
“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
“Term”	From 15 September 2021 to 31 December 2022

“%”

per cent

By Order of the Board
Landsea Green Life Service Company Limited
Tian Ming
Non-executive Director and Chairman of the Board

Hong Kong, 15 September 2021

As at the date of this announcement, the Board comprises Ms. Zhou Qin, Mr. Wu Xu and Mr. Liu Chao as executive Directors, Mr. Tian Ming as non-executive Director, and Dr. Wong Chi Wing, Ms. Lu Mei and Dr. Chen Kevin Chien-wen as independent non-executive Directors.

* *For identification purpose only*