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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
DISPOSAL OF 50% EQUITY INTEREST
IN A JOINT VENTURE**

THE DISPOSAL

On 25 August 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, Beijing Ronghui, Xiamen Jiasheng Rongmao, Shanghai Langqing and Sunshine Ronghui entered into the Agreement, pursuant to which, the Vendor conditionally agreed to sell, and Beijing Ronghui and Xiamen Jiasheng Rongmao conditionally agreed to purchase, the Equity Interests, representing 50% of the entire equity interest in the Target Company for a total consideration of RMB137,575,942.05. Upon completion of the Disposal, the Group will cease to have any interests in the Target Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal is 5% or more and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

THE DISPOSAL

On 25 August 2022, the Vendor, an indirect wholly-owned subsidiary of the Company, Beijing Ronghui, Xiamen Jiasheng Rongmao, Shanghai Langqing and Sunshine Ronghui entered into the Agreement.

The principal terms of the Agreement are set out below:

Subject matter

Pursuant to the Agreement, the Vendor conditionally agreed to sell, and each of Beijing Ronghui and Xiamen Jiasheng Rongmao conditionally agreed to purchase, the Equity Interest I, representing 49.9% of the entire equity interest in the Target Company, and the Equity Interest II, representing 0.1% of the entire equity interest in the Target Company, respectively.

Consideration and the basis of the consideration

The aggregate initial consideration for the Disposal is RMB137,575,942.05, which comprises (i) RMB137,438,366.11, being the consideration for the sale and purchase of the Equity Interest I; and (ii) RMB137,575.94, being the consideration for the sale and purchase of the Equity Interest II.

The initial consideration was determined with reference to (i) the valuation of the Subject Project of approximately RMB780 million as at 31 May 2022 determined by an independent third party valuer using market approach; (ii) the adjusted net current liability of the Target Company of approximately RMB435 million as at 30 June 2022; (iii) the outstanding bank loan of approximately RMB476 million owed by the Target Company as at 30 June 2022; (iv) the shareholders' loans in the principal amount of RMB406.5 million owed by the Target Company to the Vendor and Beijing Ronghui to be converted into the capital reserve of the Target Company; and (v) the percentage of equity interest in the Target Company represented by the Equity Interests.

Adjustment to consideration

The consideration for the Disposal is subject to the following adjustments:

During the First Adjustment Period,

- (i) if any member of the Target Group incurs or there are any undisclosed payment obligations to external parties, the consideration will be decreased by 50% of the amount of such payment obligation. However, if the payment obligation is due to unilateral reasons of the Vendor or its affiliates after 30 April 2019, the entire amount of the payment obligation shall be deducted from the consideration;
- (ii) if any member of the Target Group receives payments which have not been disclosed in the unaudited consolidated balance sheet of the Target Company as at 30 June 2022 or the actual payments to external parties are less than the estimated amounts as disclosed in the unaudited consolidated balance sheet of the Target Company as at 30 June 2022, the consideration will be increased by 50% of such payments received; and
- (iii) if there is any extra-budgetary expenditure in relation to the Subject Project, the consideration will be decreased in accordance with the terms and conditions of the Agreement.

During the Second Adjustment Period,

- (i) if there is any costs recognised for the construction work of the Subject Project (which has been completed as at the date of this announcement), the Vendor will bear 50% of the costs and such costs will be deducted from the consideration; and
- (ii) if there is any extra-budgetary expenditure in relation to the Subject Project (which has been completed as at the date of this announcement), the consideration will be decreased in accordance with the terms and conditions of the Agreement.

Payment of consideration

First tranche payment

Beijing Ronghui shall pay RMB39,862,424.06 and Xiamen Jiasheng Rongmao shall pay RMB137,575.94 to the Vendor within three working days upon the following conditions being satisfied (or waived by Beijing Ronghui):

- (i) all transaction documents, including the Agreement, have been signed and come into effect and the Vendor has not breached the terms thereof;
- (ii) the relevant industrial and commercial registration of the Equity Interests has been completed;
- (iii) the shareholders' loans provided by the Vendor and Beijing Ronghui to the Target Company in the principal amount of RMB406.5 million have been converted into the capital reserve of the Target Company;
- (iv) the Vendor has notified China Zheshang Bank Co., Ltd. (Shanghai Branch) regarding the Disposal and all outstanding bank loan owed by the Target Company to China Zheshang Bank Co., Ltd. (Shanghai Branch) has been fully repaid and the credit enhancement measures set up by the Target Group, Beijing Ronghui and their affiliates in relation to the bank loan owed by the Target Company to China Zheshang Bank Co., Ltd. (Shanghai Branch) have been released;
- (v) the seals, certificates, licenses, financial information and other corporate documents of the Target Group have been transferred to Beijing Ronghui and Xiamen Jiasheng Rongmao within three working days from the date of completion of the industrial and commercial registration for the transfer of the Equity Interests;
- (vi) none of the members of the Target Group have been suspended, discontinued, deregistered or required by the competent authorities to rectify such situation and none of their business licenses have been revoked;
- (vii) no material adverse event has occurred in respect of the due diligence on the Equity Interests, the Target Group and the Subject Project conducted by Beijing Ronghui and before completion of the Disposal, no event may have a material adverse effect on Beijing Ronghui or the transactions under the Agreement; and

- (viii) the outstanding loan of RMB3.5 million owed by the Target Company to 上海隨渠企業管理諮詢有限公司 (Shanghai Suiqiu Enterprise Management Consulting Co. Ltd.*), a joint venture company in which the Company is interested in 50% of its registered capital, has been fully repaid.

Second tranche payment

On the date when Beijing Ronghui and Xiamen Jiasheng Rongmao settle the first tranche payment, Beijing Ronghui shall pay the second tranche payment in the amount of RMB30,931,405.14 to the Vendor.

Third tranche payment

On the date when Beijing Ronghui settles the second tranche payment, Beijing Ronghui shall pay the third tranche payment in the amount of RMB44,334,536.91 to the Vendor. On the same date of settling the third tranche payment, Beijing Ronghui shall deposit RMB16.40 million into the designated account controlled by the Vendor, Beijing Ronghui and China Merchants Bank (Beijing Chaoyang Park Sub-branch). If any of the following circumstances occur before the release of the balance of the consideration, Beijing Ronghui has the right to choose to transfer the corresponding funds from the designated account or withhold such corresponding funds:

- (i) the Target Company is required to make external payments and such payments shall be borne by the Vendor in accordance with the terms and conditions of the Agreement;
- (ii) the Target Company incurs loss which shall be borne by the Vendor in accordance with the terms and conditions of the Agreement; or
- (iii) the Vendor is required to make payments in accordance with the terms and conditions of the Agreement (but the time of making such payments has not yet been reached).

Within two working days from the date when Beijing Ronghui decides to transfer the corresponding funds from the designated account, the Vendor shall provide the necessary documents to Beijing Ronghui and cooperate with Beijing Ronghui.

Balance of the consideration

The remaining balance of the consideration in the amount of RMB22,310,000 shall be paid by Beijing Ronghui within five working days upon fulfillment of the following conditions:

- (i) the Vendor has not breached the terms of the Agreement, and all representations and warranties made under the Agreement shall be true, accurate, complete and not materially misleading;
- (ii) the Vendor, Beijing Ronghui and Xiamen Jiasheng Rongmao have determined the final consideration after adjustments;

(iii) a confirmation of settlement has been signed and the payment for the general contracting work has been settled or the payment for the general contracting work to be paid by the Vendor to the Target Group has been settled in accordance with the terms and conditions of the Agreement; and

(iv) the conditions for the first tranche payment have been continuously satisfied.

Completion

Within one working day from the date of the Agreement, the Vendor shall coordinate with the Target Company to complete the industrial and commercial registration for the transfer of the Equity Interests. Completion of the Disposal will take place on the date of completion of the registration procedures for the transfer of the Equity Interests.

Upon completion of the Disposal, the Group will cease to have any interests in the Target Company.

Termination

Upon the occurrence of any of the following events, each of the Vendor or Beijing Ronghui (as the case may be) is entitled to terminate the Agreement by written notice to other parties before completion:

(i) Beijing Ronghui considers that there is any circumstance which has a material adverse effect on the Disposal;

(ii) the documents for the industrial and commercial registrations of (i) the release of the pledge of the Equity Interests; (ii) the transfer of the Equity Interests to Beijing Ronghui and Xiamen Jiasheng Rongmao; and (iii) other industrial and commercial changes of the Target Company, cannot be delivered to the industry and commerce administrative department at the same time, or the aforesaid registration procedures for the release of the pledge of the Equity Interests cannot be completed on the date of delivery of such documents, or the acceptance certificate for the aforesaid industrial and commercial changes cannot be obtained on the date of delivery of such documents, or the Target Company fails to obtain the renewed business license within one working day after the date of delivery of such documents;

(iii) the first tranche payment of the consideration for the Disposal has not been settled by 30 September 2022;

(iv) China Zheshang Bank Co., Ltd. (Shanghai Branch) does not agree to the early repayment of the outstanding bank loan owed by the Target Company without the payment of liquidated damages or interest other than the interest rate calculated in accordance with the normal repayment situation; and

(v) the Vendor fails to pay any expenses incurred by the Target Company or the Subject Project prior to completion of the Disposal.

Undertakings given by Shanghai Langqing and Sunshine Ronghui

Pursuant to the Agreement, Shanghai Langqing has undertaken to supervise and ensure the due performance by the Vendor of its obligations under the Agreement and provide supports to the Vendor in a legal and compliant manner. Sunshine Ronghui has undertaken to supervise and ensure the due performance by Beijing Ronghui of its obligations under the Agreement and provide supports to Beijing Ronghui in a legal and compliant manner.

INFORMATION ON THE PARTIES

The Vendor

The Vendor is a company established under the laws of the PRC with limited liability, and principally engaged in investment holding. It is indirectly wholly-owned by the Company.

Beijing Ronghui

Beijing Ronghui is a limited partnership established under the laws of the PRC, and being a 50% owner of the Target Company as at the date of this announcement. Its principal business is project investment and asset management. Beijing Ronghui is owned as to 79.4% by 陽光人壽保險股份有限公司 (Sunshine Life Insurance Corporation Limited*) (“**Sunshine Life Insurance**”), 19.85% by 陽光財產保險股份有限公司 (Sunshine Property and Casualty Insurance Company Limited*) (“**Sunshine Property**”), 0.5% by Sunshine Ronghui and 0.25% by 北京融潤海際投資管理中心(有限合夥) (Beijing Rong Run Hai Ji Investment Management Center (Limited Partnership)*). Sunshine Life Insurance is owned as to 99.9% by 陽光保險集團股份有限公司 (Sunshine Insurance Group Corporation Limited) (“**Sunshine Insurance Group**”). No natural person controls, directly or indirectly, one-third or more of Sunshine Insurance Group. Based on public information, Sunshine Insurance Group is owned as to approximately 12.71% by Beijing Bangchen Zhengtai Investment Co., Ltd. (北京邦宸正泰投資有限公司) (“**Bangchen Zhengtai**”), Shanghai Xuchang Technology Co., Ltd. (上海旭昶科技有限公司) (“**Shanghai Xuchang**”) and Shannan Hongquan Equity Investment Co., Ltd. (山南泓泉股權投資有限公司) (“**Shannan Hongquan**”), who are the largest shareholders of Sunshine Insurance Group. Bangchen Zhengtai is held as to 99.99% by Beijing Hengyi Shengtai Investment Management Center (Limited Partnership) (北京恒誼盛泰投資管理中心(有限合夥)). The general partners of Beijing Hengyi Shengtai Investment Management Center (Limited Partnership) are Tibet Hengyi Investment Management Co., Ltd. (西藏恒誼投資管理有限公司) (“**Tibet Hengyi**”) and Shanghai Loyal Valley Investment Management Co., Ltd. (上海正心谷投資管理有限公司) (“**Shanghai Loyal Valley**”). Shanghai Xuchang is held as to 99.99% by Shanghai Xule Investment Partnership (Limited Partnership) (上海旭樂投資合夥企業(有限合夥)). The general partners of Shanghai Xule Investment Partnership (Limited Partnership) are Tibet Hengyi and Shanghai Loyal Valley. Shannan Hongquan is held as to 95.98% by Ningbo Dingzhi Jintong Equity Investment Center (Limited Partnership) (寧波鼎智金通股權投資中心(有限合夥)). The general partners of Ningbo Dingzhi Jintong Equity Investment Center (Limited Partnership) are Tibet Hengyi and Shanghai Loyal Valley. Tibet Hengyi is directly held as to 99% by Zhang Weigong (張維功) and Shanghai Loyal Valley is wholly-owned by Lin Lijun (林利軍).

Xiamen Jiasheng Rongmao

Xiamen Jiasheng Rongmao is a company established under the laws of the PRC with limited liability, and principally engaged in business management consulting services. It is owned as to 99% by Beijing Ronghui and 1% by 北京融匯瑞晟管理諮詢有限公司 (Beijing Rongwei Ruisheng Management Consulting Co. Ltd.*).

Shanghai Langqing

Shanghai Langqing is a company established under the laws of the PRC with limited liability, and principally engaged in investment management. It is indirectly wholly-owned by the Company.

Sunshine Ronghui

Sunshine Ronghui is a company established under the laws of the PRC with limited liability and a fund manager of Beijing Ronghui. Its principal business is project investment and asset management. As at the date of this announcement, Sunshine Ronghui is owned as to 45% by 北京惠譽達股權投資管理中心(有限合夥) (Beijing Huiyu Da Equity Investment Management Center (Limited Partnership*)) (“**Beijing Huiyu Da**”), 35% by 陽光資產管理股份有限公司 (Sunshine Asset Management Company Limited*) (“**Sunshine Asset Management**”), 20% by 西藏晟博企業管理有限公司 (Tibet Shengbo Enterprise Management Company Limited*) (“**Tibet Shengbo**”). Beijing Huiyu Da is owned as to 37% by Tibet Shengbo and the remaining 63% by other shareholders, none of them holds more than one-third or more of Beijing Huiyu Da and to the knowledge of the Company, these shareholders are independent of each other. Sunshine Asset Management is owned as to 36% by Sunshine Life Insurance, 24% by Sunshine Property, 20% by Sunshine Insurance Group and the remaining 20% by other shareholders. Sunshine Property is owned as to 96.3098% by Sunshine Insurance Group and 3.6902% by Sunshine Life Insurance. Tibet Shengbo is owned as to 50% by Fu Ting (付婷) and 50% by Zhang Wenwen (張文雯).

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, each of Beijing Ronghui, Xiamen Jiasheng Rongmao and Sunshine Ronghui and their respective ultimate beneficial owners is independent of the Company and connected persons of the Company.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established under the laws of the PRC with limited liability, and is principally engaged in corporate management, property management, parking lot management, investment, construction and leasing of public rental housing. The Target Company is the holding company of Beijing Maojia. Beijing Maojia is a limited liability company established under the laws of the PRC. Beijing Maojia owns entire interest in the Subject Project, which is located at 中國北京市朝陽區十里河東三環南路100號 (No. 100, South Third Ring Road, Shilihe East, Chaoyang District, Beijing, China*) with gross floor area of approximately 21,906.48 square meters comprised of office properties and commercial properties which have been leased to the public. As at the date of this announcement, the development of the Subject Project has been completed.

Set out below are the audited consolidated financial information of the Target Company for the two financial years ended 31 December 2020 and 31 December 2021, respectively:

	For the year ended 31 December 2020 (RMB)	For the year ended 31 December 2021 (RMB)
(Loss)/Profit before taxation	(25,605,432)	5,037,278
(Loss)/Profit after taxation	(25,605,432)	5,037,278

The unaudited total assets of the Target Company as at 30 June 2022 was approximately RMB927 million, with the net liabilities of approximately RMB30 million.

As at the date of this announcement, the Target Company is owned as to 50% by the Vendor and 50% by Beijing Ronghui. Upon completion of the Disposal, the Group will cease to have any interests in the Target Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the development and sales of properties in the PRC and the United States. As the business model of the Group has been transformed from the traditional asset-heavy model to an asset-light business model, the Subject Project, holding properties for rental income, is not in line with the business model of the Group. The Disposal provides the Group with an opportunity to focus on its asset-light business and increase its working capital. The Disposal is expected to improve the Company's financial position and generate additional cash inflow, which would enhance the Group's ability to acquire or invest in other projects.

The Board considers that the terms of the Agreement are fair and reasonable and the Disposal is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

It is estimated that the Company will record a loss after tax of approximately RMB11.9 million. Such loss is calculated as the difference between the consideration and the estimated unaudited consolidated net book value of the Target Company attributable to the Company at the date of completion of the Disposal. The actual loss to be recorded is subject to audit and may be different from the estimated amount as it will depend on (i) the actual consolidated net book value of the Target Company as at the date of completion of the Disposal; and (ii) the actual transaction costs incurred.

The net proceeds from the Disposal of approximately RMB137.6 million are expected to be used for repaying the Company's indebtedness and as general working capital of the Group.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the Disposal is 5% or more and all of such ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 25 August 2022 entered into by the Vendor, Beijing Ronghui, Xiamen Jiasheng Rongmao, Shanghai Langqing and Sunshine Ronghui in relation to the disposal by the Vendor of the Equity Interests
“Beijing Maojia”	北京懋佳商業管理有限公司 (Beijing Maojia Commercial Management Co. Ltd.*), a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of the Target Company
“Beijing Ronghui”	北京融匯嘉智投資管理中心(有限合夥) (Beijing Ronghui Jiazhi Investment Management Center (Limited Partnership)*), a limited partnership established under the laws of the PRC, owns 50% equity interest in the Target Company as at the date of this announcement
“Board”	board of Directors
“Company”	Landsea Green Management Limited (formerly known as 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)
“connected persons(s)”	has the meanings as defined in the Listing Rules
“Directors”	directors of the Company
“Disposal”	the proposed disposal of the Equity Interests by the Vendor to Beijing Ronghui and Xiamen Jiasheng Rongmao pursuant to the terms of the Agreement
“Equity Interest I”	49.9% equity interest in the Target Company
“Equity Interest II”	0.1% equity interest in the Target Company
“Equity Interests”	Equity Interest I and Equity Interest II

“First Adjustment Period”	the period from 30 June 2022 (excluding such date) to the date of completion of the Disposal
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Adjustment Period”	the period from the date of completion of the Disposal (excluding such date) to the date on which both the Vendor and Beijing Ronghui confirm that the total consideration for the Disposal is fully paid
“Shanghai Langqing”	上海朗青投資管理有限公司 (Shanghai Langqing Investment Management Co. Ltd.*), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Project”	北京船舶大廈項目 (Beijing Shipbuilding Building Project*), a project wholly owned by Beijing Maojia
“Sunshine Ronghui”	陽光融匯資本投資管理有限公司 (Sunshine Ronghui Capital Investment Management Co., Ltd.*), a limited liability company established under the laws of the PRC and a fund manager of Beijing Ronghui
“Target Company”	上海融懋商業管理有限公司 (Shanghai Rongmao Commercial Management Co., Ltd.*), a limited liability company established under the laws of the PRC and is owned as to 50% by the Vendor and 50% by Beijing Ronghui as at the date of this announcement
“Target Group”	the Target Company, Beijing Maojia and the Beijing branch of Beijing Maojia

“Vendor”	上海朗昆企業管理有限公司 (Shanghai Langkun Business Management Co., Ltd.*), a limited liability company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company
“Xiamen Jiasheng Rongmao”	廈門嘉晟融懋管理諮詢有限公司 (Xiamen Jiasheng Rongmao Management Consulting Co. Ltd.*), a limited liability company established under the laws of the PRC
“%”	Per cent.

* *The English translation of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

For and on behalf of the Board
Landsea Green Management Limited
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 25 August 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 Mr. Xu Liang 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.