

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

SUPPLEMENTAL AGREEMENT IN RELATION TO DISCLOSEABLE AND CONNECTED TRANSACTION

References are made to the announcement of Landsea Green Life Service Company Limited (the “**Company**”) dated 16 December 2022 in relation to, among others, the Equity Transfer Agreement (the “**December Announcement**”) and the announcements of the Company dated 11 January 2023, 20 January 2023 and 10 February 2023 in relation to the delay in despatch of the Circular (the “**Delay in Despatch Announcements**”, together with the December Announcement, the “**Announcements**”). Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Announcements.

SUPPLEMENTAL AGREEMENT TO EQUITY TRANSFER AGREEMENT

The Company wishes to provide the Shareholders and potential investors with updated information in respect of the Acquisition that, on 24 February 2023, the Purchaser, the Vendors and the Target Company entered into a supplemental agreement to the Equity Transfer Agreement (the “**Supplemental Agreement**”). The principal terms of the Supplemental Agreement are set out below:

Disposal

Pursuant to the Supplemental Agreement, the First Vendor conditionally agreed to acquire, and the Purchaser conditionally agreed to sell or procure to be sold, 100% equity interests in Shanghai Liansheng Zhichuang Management Consulting Co., Ltd. 上海聯勝致創管理諮詢有限公司 (“**Shanghai Liansheng**”), a company established in the PRC and an indirect wholly-owned subsidiary of the Purchaser, for a consideration of RMB197,000,000 (the “**Disposal**”).

The consideration of the Disposal was determined based on the unaudited net asset value of Shanghai Liansheng of RMB197,000,000 as at the Payment Date (as defined below).

Conditions precedent to completion of the Disposal

Completion of the Disposal is subject to satisfaction of the following conditions:

- (1) the Independent Shareholders having passed resolutions at the EGM to approve the Disposal; and
- (2) the conditions precedent to completion of the Acquisition having been satisfied or waived on or before the Long Stop Date.

Neither of the conditions above may be waived. In the event that the above conditions are not satisfied on or before the Long Stop Date, the Disposal will not be proceeded.

Conditions precedent to completion of the Acquisition

The conditions precedent to completion of the Acquisition are revised and replaced as follows:

- (1) the Purchaser having completed the business, financial and legal due diligence of the Target Group Companies and being satisfied with the results of the due diligence;
- (2) the shareholders of the Target Company having passed resolutions to approve the following matters:
 - (i) the transactions contemplated under the Equity Transfer Agreement (as amended by the Supplemental Agreement); and
 - (ii) the execution and performance by the Target Company of the Equity Transfer Agreement (as amended by the Supplemental Agreement), the amendments to the articles of association of the Target Company and other necessary transaction documents;
- (3) the Vendors having agreed in writing to waive the exercise of the pre-emptive right in respect of the transactions contemplated under the Equity Transfer Agreement (as amended by the Supplemental Agreement);
- (4) the Equity Transfer Agreement and the Supplemental Agreement having been executed by all parties thereto and the original or scanned copies of which have been delivered to the Purchaser;
- (5) the representations and warranties made by the Vendors and the Target Company under the Equity Transfer Agreement (as amended by the Supplemental Agreement) being true, accurate and complete, and neither the Vendors nor the Target Company having breached the Equity Transfer Agreement (as amended by the Supplemental Agreement);

- (6) the Independent Shareholders having passed resolutions at the EGM to approve the Equity Transfer Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder; and
- (7) the Vendors and the Target Company having completed the registration of the changes contemplated under the Equity Transfer Agreement (as amended by the Supplemental Agreement) with the competent authority for industry and commerce, including the transfer of equity interests in the Target Company and the change of the directors, supervisor and general manager of the Target Company.

The condition precedent set out in paragraph (6) above cannot be waived. The Purchaser may waive the other conditions precedent. If any of the conditions precedent set out above cannot be satisfied or waived (as applicable) on or before the Long Stop Date, the Equity Transfer Agreement shall automatically terminate.

Completion of the Acquisition

Completion of the Acquisition shall take place on the date falling 5 business days after the above conditions are satisfied or waived by the Purchaser or on such other date as may be agreed by the parties (i.e. the Completion Date).

Payment

As set out in the December Announcement, the Consideration is RMB201,700,000, of which RMB199,683,000 is payable to the First Vendor by cash in tranches, and RMB2,017,000 is payable to the Second Vendor by cash in tranches.

Pursuant to the Supplemental Agreement, such payment arrangement has been changed, whereby on a date (the “**Payment Date**”) within 15 business days of the Completion Date (as referred to in the paragraph headed “Completion of the Acquisition” above), the Purchaser shall settle the Consideration as follows:

- (1) as to RMB199,683,000 to be settled by way of:
 - (i) set off against the consideration payable by the First Vendor to the Purchaser for the Disposal; and
 - (ii) payment to the First Vendor of an amount equal to RMB2,683,000 in cash,
- (2) as to RMB2,017,000 to be paid to the Second Vendor in cash.

Deposit

Pursuant to the Equity Transfer Agreement, the Purchaser has paid a deposit in the amount of RMB30,000,000 (the “**Deposit**”) to the First Vendor.

Pursuant to the Supplemental Agreement, the First Vendor shall return the Deposit to the Purchaser within 10 business days of the date of the Supplemental Agreement.

Guarantee by Shanghai Landsea Apartment

As set out in the December Announcement, the First Vendor undertook to the Purchaser that the audited net profit after tax of the Target Company in 2023 after deducting non-recurring profits and losses shall not be less than RMB26,600,000 (the “2023 Guaranteed Profit”), according to the Hong Kong Financial Reporting Standards. If the 2023 Actual Profit is lower than the 2023 Guaranteed Profit, the First Vendor shall pay the Purchaser a performance compensation amount calculated according to the formula set out in the December Announcement within 15 business days from the date of receipt of the notice from the Purchaser.

In order to ensure the recoverability of the performance compensation (if any), the Group has obtained a corporate guarantee from Shanghai Landsea Apartment (the shareholder of the First Vendor) with respect to the guarantee of the performance of the obligations of the First Vendor to pay the performance compensation (if any) under the Equity Transfer Agreement (as amended by the Supplemental Agreement).

REASONS FOR THE SUPPLEMENTAL AGREEMENT AND THE DISPOSAL

The reasons for and benefits of the Acquisition are set out in the December Announcement.

Shanghai Liansheng is a company established on 29 June 2022 in the PRC and it has not commenced its business. In order to streamline its group structure, the Company decided to dispose of Shanghai Liansheng. To facilitate the payment of the consideration for the Acquisition to the First Vendor, under the Supplemental Agreement, subject to satisfaction of the conditions to completion of the Disposal, the parties agreed that the consideration payable for the Disposal will set off in part the consideration for the Acquisition on a dollar-for-dollar basis. No proceeds will be received by the Group as a result of the Disposal.

Based on the above, the Directors (other than Mr. Tian who has abstained from voting and the independent non-executive Directors who will give their opinion after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Equity Transfer Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the Disposal) are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. To the Director’s knowledge, the transactions contemplated under the Supplemental Agreement did not violate the applicable laws in the PRC.

As the First Vendor is ultimately owned as to 50% by Mr. Tian, the chairman of the Board and a non-executive Director, Mr. Tian is considered to have a material interest in the Equity Transfer Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the Disposal). Mr. Tian has abstained from voting on the resolutions in relation to the Equity Transfer Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the Disposal). Save as disclosed above, none of the Directors has a material interest in the Equity Transfer Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder (including the Disposal).

INFORMATION ON THE PARTIES TO THE SUPPLEMENTAL AGREEMENT

Purchaser

The Purchaser is a company established in the PRC with limited liability and is principally engaged in investment holding. The Purchaser is a wholly-owned subsidiary of the Company. 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.

First Vendor

The First Vendor is a company established in the PRC which is principally engaged in investment holding. It is indirectly wholly-owned by Shanghai Landsea Apartment, which is in turn indirectly wholly-owned by Shanghai Liyu. Shanghai Liyu is held:

- (1) as to 50% by Nanjing Dingchong Investment Management Consultancy Limited* (南京鼎重投資管理顧問有限公司), a company held as to 100% by Mr. Tian;
- (2) as to 26.1953% by Nanjing Textile Import & Export Co., Limited* (南京紡織品進出口股份有限公司) (“Nanjing Textile”), a company listed on the Shanghai Stock Exchange (600250). Based on public information, Nanjing Tourism Group Co., Ltd. (南京旅遊集團有限責任公司) (“Nanjing Tourism Group”) is the single largest shareholder of Nanjing Textile holding 33.68% equity interest of Nanjing Textile. Nanjing Tourism Group is the platform for the state-owned tourism industry built by the Nanjing Municipal Party Committee and Municipal Government;
- (3) as to 20.1247% by 深圳市盈信國富實業有限公司, which is indirectly held as to over 90% by Mr. Lin Jinfeng (林勁峰) and as to less than 10% by three other individuals; and
- (4) as to 3.68% by three other shareholders.

Second Vendor

The Second Vendor is a company incorporated in Hong Kong with limited liability which is principally engaged in investment holding. It is indirectly held as to 100% by Mr. Chen Huaijun, a PRC citizen. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, the Second Vendor and its ultimate beneficial owner are independent of, and not connected with, the Company and its connected persons save for being a Shareholder holding Shares representing approximately 7.42% of the issued share capital of the Company.

Target Company

The Target Company is a company established in the PRC with limited liability and is principally engaged in the management and operation of apartment lease. As at the date of this announcement, the Target Company is held as to 99% by the First Vendor and as to 1% by the Second Vendor.

Shanghai Landsea Apartment

Shanghai Landsea Apartment is principally engaged in the investment and operation of apartment long-term lease. It is wholly-owned by Shanghai Liyu. The shareholding structure of Shanghai Liyu is set out in the paragraph headed “First Vendor” above.

INFORMATION ON SHANGHAI LIANSHENG

Shanghai Liansheng is a company established on 29 June 2022 in the PRC with limited liability. As at the date of this announcement, Shanghai Liansheng is an indirect wholly-owned subsidiary of the Purchaser which is in turn an indirect wholly-owned subsidiary of the Company. Immediately before completion of the Disposal, it is expected that other than cash and cash equivalent of RMB197,000,000, Shanghai Liansheng has no other assets and liabilities.

As at the date of this announcement, Shanghai Liansheng has not commenced any business and recorded no revenue nor profit or loss. The scope of business of Shanghai Liansheng includes water conservancy consulting services, environmental protection consulting services, new materials technology promotion services, soil pollution prevention and control services, and technical consultation services on resource recycling.

As Shanghai Liansheng was indirectly established by the Purchaser, and was not acquired from a third party, there is no original acquisition cost for the equity interest of Shanghai Liansheng to the Group.

Upon completion of the Disposal on the Payment Date, Shanghai Liansheng will cease to be an indirect subsidiary of the Company and the financial results of Shanghai Liansheng will no longer be consolidated into the consolidated financial statements of the Company.

It is expected that there will be no gain or loss (subject to the relevant expenses and subject to audit) arising from the Disposal. The actual gain or loss in connection with the Disposal will be assessed after the Payment Date.

LISTING RULES IMPLICATIONS

The Listing Rules implications in respect of the Acquisition are set out in the December Announcement.

In respect of the Disposal, as the highest applicable percentage ratio in respect of the Disposal is more than 5% but is less than 25%, the Disposal constitutes a discloseable transaction of the Company under the Listing Rules and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Mr. Tian is a non-executive Director and the controlling shareholder of the Company and thus a connected person of the Company. The First Vendor is ultimately owned as to 50% by Mr. Tian. Accordingly, the First Vendor is an associate of Mr. Tian and thus a connected person of the Company. Therefore, the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is also subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Independent Board Committee that has been formed will consider and advise the Independent Shareholders as to whether the terms of the Equity Transfer Agreement (as amended by the Supplemental Agreement) and the transactions contemplated thereunder and the Disposal are fair and reasonable, on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the EGM. Opus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

The EGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Equity Transfer Agreement (as amended by the Supplemental Agreement), the Operation and Management Framework Agreement and the transactions contemplated thereunder, and the Disposal where Mr. Tian and his associates and any other Shareholders who have a material interest in such transactions shall abstain from voting on the resolutions approving the Equity Transfer Agreement (as amended by the Supplemental Agreement), the Operation and Management Framework Agreement and the transactions contemplated thereunder, and the Disposal.

Save as aforementioned, all other terms, conditions and provision in the Equity Transfer Agreement as set out in the December Announcement shall remain unchanged and shall continue to have full force and full legal effect.

As disclosed in the Delay in Despatch Announcements, the Circular containing, among other things, details of the Equity Transfer Agreement, the Operation and Management Framework Agreement and the transactions contemplated thereunder, a letter from the Independent Board Committee, a letter from the Independent Financial Adviser and a notice convening the EGM will be despatched to the Shareholders on or before 3 March 2023.

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

Hong Kong, 24 February 2023

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 (the Chairman) and Mr. Liu Yong as non-executive Directors, and Ms. Lu Mei, Dr. Chen Kevin Chien-wen and Ms. Katherine Rong Xin as independent non-executive Directors.