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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)

**MAJOR TRANSACTION
DISPOSAL OF EQUITY INTERESTS IN
LANDSEA HOMES CORPORATION**

THE DISPOSAL

On 31 May 2022 (United States Eastern Daylight Time), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Stock Purchase Agreement, pursuant to which, subject to the terms and conditions of the Stock Purchase Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing approximately 10.7% of the issued and outstanding shares of LSEA Stock as at the date of this announcement, at a sale price of US\$9.30 per share of LSEA Stock for a total consideration of US\$45,000,000.

THE PUT RIGHT

In connection with the Stock Purchase Agreement, on 31 May 2022 (United States Eastern Daylight Time), the Purchaser and the Vendor entered into the Put Option Agreement, pursuant to which the Purchaser shall, for each of the First Put Exercise Period and the Second Put Exercise Period, have the right, but not the obligation, to cause the Vendor to purchase all or a portion of the Sale Shares.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal (as calculated under Rule 14.07 of the Listing Rules) is 25% or more but is less than 75% and the highest applicable percentage ratio in respect of the Put Right (as calculated under Rule 14.07 of the Listing Rules) is 25% or more but is less than 100%, each of the Disposal and the Put Right constitutes a major transaction for the Company subject the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and the Put Right. As such, no Shareholder is required to abstain from voting if a general meeting were convened to approve the Disposal and the Put Right. As at the date of this announcement, Mr. Tian Ming, Greensheid, Landsea International and Easycorps held 8,901,500 Shares, 2,011,513,187 Shares, 367,914,894 Shares and 376,017,785 Shares, respectively, together representing approximately 58.53% voting rights of the Company giving the right to attend and vote at general meetings of the Company, for the Disposal and the Put Right in accordance with Rule 14.44 of the Listing Rules. Pursuant to Rule 14.44(2) of the Listing Rules, the written approval from Mr. Tian Ming, Greensheid, Landsea International and Easycorps has been accepted in lieu of holding a general meeting of the Company. Accordingly, no general meeting of the Company shall be convened to approve the Stock Purchase Agreement, the Put Option Agreement and the transactions contemplated under them.

GENERAL

A circular containing further details of the Disposal and the Put Right is expected to be despatched to the Shareholders on or before 30 June 2022, which is more than 15 business days after the publication of this announcement, as the Company will require more time to prepare the relevant information for inclusion in the circular. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the delay in despatch of the circular to the Shareholders.

THE DISPOSAL

On 31 May 2022 (United States Eastern Daylight Time), the Vendor, an indirect wholly-owned subsidiary of the Company, and the Purchaser entered into the Stock Purchase Agreement, pursuant to which, subject to the terms and conditions of the Stock Purchase Agreement, the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares, representing approximately 10.7% of the issued and outstanding shares of LSEA Stock as at the date of this announcement, at a sale price of US\$9.30 per share of LSEA Stock for a total consideration of US\$45,000,000.

The principal terms of the Stock Purchase Agreement are set out below:

Subject matter

The Sale Shares represent approximately 10.7% of the issued and outstanding shares of LSEA Stock, the common shares of Landsea Homes, which are listed on NASDAQ. Please refer to the paragraph headed “Information on Landsea Homes” for further information.

Consideration and basis of determination

The Consideration is US\$45,000,000 and was fully paid by the Purchaser to the Vendor in cash on the date of the Stock Purchase Agreement.

The sale price of US\$9.30 per share of LSEA Stock represents:

- (a) a premium of approximately 25.7% over the closing price of US\$7.40 per share of LSEA Stock as quoted on NASDAQ immediately preceding the date of the Stock Purchase Agreement; and
- (b) a premium of approximately 27.7% over the closing price of US\$7.28 per share of LSEA Stock as quoted on NASDAQ for the five (5) consecutive trading days immediately preceding the date of the Stock Purchase Agreement.

The sale price of US\$9.30 per share of LSEA Stock was determined with reference to the prevailing market price of LSEA Stock and the terms and conditions of the Stock Purchase Agreement and was negotiated on an arm's length basis between the Vendor and the Purchaser.

Completion

Completion took place on the date of the Stock Purchase Agreement.

Voting arrangement

Unless the Purchaser sells the Sale Shares or exercised the Put Right after the Completion so that the Purchaser no longer holds at least 6% of the issued and outstanding shares of LSEA Stock, the Vendor agrees, to the extent of the remaining LSEA Stock owned by the Vendor, to vote, at each following scheduled date for the election of directors of Landsea Homes, in favour of any one individual nominated by the Purchaser to serve as a director of Landsea Homes.

Lock-up

For a period of twelve months after Completion, the Purchaser agreed that it shall not sell, assign, dispose of or otherwise transfer, or encumber or hypothecate, any of the Sale Shares other than pursuant to the Put Option Agreement.

The Put Right

In connection with the Stock Purchase Agreement, on 31 May 2022 (United States Eastern Daylight Time), the Vendor and the Purchaser entered into the Put Option Agreement pursuant to which, the Purchaser shall, for each of the First Put Exercise Period and the Second Put Exercise Period, have the right, but not obligation, to cause the Vendor to purchase all or a portion of the Sale Shares on the date that the Put Right is exercised. If the Purchaser desires to exercise the Put Right, with respect to any of the Sale Shares, the Purchaser shall deliver to the Vendor a Put Exercise Notice exercising the Put Right and specifying the number of Sale Shares to be sold (the "**Put Shares**") by the Purchaser pursuant to the Put Exercise Notice.

Purchase price for the Sale Shares

The purchase price for the Sale Shares subject to the exercise of the Put Right to be paid by the Vendor to the Purchaser shall be at a price of US\$9.30 per Sale Shares (the “**Put Purchase Price Per Share**” and, in the aggregate for all Put Shares, “**Put Purchase Price**”) provided that (i) such Put Purchase Price Per Share shall be appropriately adjusted to reflect any stock dividend, stock split, combination of shares, reclassification, recapitalisation or other similar event affecting the number of outstanding shares of LSEA Stock held by the Purchaser; and (ii) in case Landsea Homes shall pay a dividend in cash or make a distribution in cash, such Put Purchase Price Per Share shall be adjusted and reduced by the amount of such dividend or distribution payment per Sale Share. The Put Purchase Price Per Share was determined after arm’s length negotiation between the Vendor and the Purchaser with reference to the sale price of US\$9.30 per share of LSEA Stock.

Completion of the purchase of Put Shares

Completion of the purchase of the Put Shares shall take place:

- (a) on 30 May 2023 if the Put Exercise Notice is issued within the First Put Exercise Period; or
- (b) no later than 90 business days after delivery of the Put Exercise Notice if the Put Exercise Notice is issued within the Second Put Exercise Period (the “**Put Right Closing Date**”).

In the event the Vendor has not paid the Put Purchase Price on the fifth business day following the Put Right Closing Date, the Purchaser shall have the right to elect, by providing written notice of such election to the Vendor, to require that all or any portion specified by the Purchaser of the outstanding Put Purchase Price be immediately repayable with the Sale Shares (rather than immediately available funds), together with the balance of the remaining outstanding Put Purchase Price payable in cash. The number of shares of Sale Shares required to so repay the outstanding Put Purchase Price (i) shall be determined by dividing the outstanding Put Purchase Price by a price per share of Sale Shares equal to US\$6.00, but shall not exceed the total number of Sale Shares, and (ii) shall be deemed automatically repaid with the such number of shares of Sale Shares then held by the Purchaser, without any further action of the Vendor.

Events of Default

Each of the following events shall constitute a default under the Put Option Agreement (an “**Event of Default**”):

- (a) In the event that at any time after the date that is ninety (90) days after the date of the Put Option Agreement, until the expiration of the Put Exercise Period, neither a resale prospectus nor any applicable exemption from registration under the Securities Act is available to the Purchaser for selling any of the Sale Shares to any person other than the Vendor; and
- (b) In the event that at any time after the date that is ninety (90) days after the date of the Put Option Agreement, until the expiration of the Put Exercise Period, the Vendor fails to use reasonable best efforts to cause Landsea Homes to maintain either the effectiveness of the resale registration statement or the listing of LSEA Stock on NASDAQ or any other national exchange.

Upon the occurrence of the first in time to occur of an Event of Default, the Purchaser’s right to exercise the Put Right shall be accelerated in accordance with the terms of the Put Option Agreement so that it first becomes exercisable on the date of such Event of Default and continues, thereafter, until the expiration of the Second Put Exercise Period.

Guarantee

Each of Landsea Group and Landsea International agreed to provide a guarantee to the Purchaser for all the Vendor’s payment obligations to the Purchaser under the Put Option Agreement.

INFORMATION ON LANDSEA HOMES

Landsea Homes is a non wholly-owned subsidiary of the Company. It is incorporated under the laws of the State of Delaware in the USA and the common stock of which have been listed on NASDAQ since January 2021. Landsea Homes is principally engaged in real estate development. As at the date of this announcement, Landsea Homes is owned as to approximately 72.62% by the Company.

Pursuant to annual report of Landsea Homes pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, the audited consolidated financial results of Landsea Homes for the two financial years ended 31 December 2021 are as follows:

	For the year ended 31 December 2020	For the year ended 31 December 2021
	<i>(US\$)</i>	<i>(US\$)</i>
(Loss)/Profit before taxation	(12,165,000)	66,730,000
(Loss)/Profit after taxation	(9,084,000)	52,735,000

As at 31 December 2021, the audited consolidated net assets of Landsea Homes was US\$621,397,000.

INFORMATION ON THE PARTIES

The Vendor

The Vendor is incorporated in the State of Delaware, and is principally engaged in investment holding. It is indirectly wholly-owned by the Company.

The Purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability, and is principally engaged in investment. The Purchaser is owned by Mr. Bao Xuefeng. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Landsea Group

Landsea Group is established under the laws of the PRC, and is principally engaged in property development. Landsea Group is owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian Ming, an executive Director, and as to 15.85% by Mr. Tian Ming. Mr. Tian Ming is regarded as the controlling shareholder of Landsea Group. As at the date of this announcement, Landsea Group, being a controlling Shareholder, held 2,379,428,081 Shares through Landsea International, representing approximately 50.39% of the issued share capital of the Company.

Landsea International

Landsea International is incorporated in Hong Kong, and is principally engaged in investment holding. It is directly wholly-owned by Landsea Group. As at the date of this announcement, Landsea International, being a controlling Shareholder, held 367,914,894 Shares directly and 2,011,513,187 Shares through Greensheid, representing approximately 50.39% of the issued share capital of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in development and sales of properties in the PRC and USA.

The Directors consider that the Disposal provides the Group with an opportunity to realise its investment in Landsea Homes and will enhance the overall liquidity of the Group. In light of the foregoing, the Directors consider that the Stock Purchase Agreement (together with the Put Option Agreement) and the transactions contemplated thereunder are entered into upon normal commercial terms following arm's length negotiations between the Vendor and Purchaser, and that the terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

As at the date of this announcement, Landsea Homes was owned as to approximately 72.62% by the Vendor and was a subsidiary of the Company. Given that the Disposal would not cause the Vendor's beneficial ownership in LSEA Stock to drop below 50% of the issued and outstanding shares of LSEA Stock, Landsea Homes will continue to be an indirect non wholly-owned subsidiary of the Company and its financial results will continue to be consolidated into those of the Group upon completion of the Disposal.

The Group estimates that the Disposal will record a pre-tax loss of approximately US\$22.04 million in 2022, being the difference between the sales proceeds from the Disposal and the net asset value of Sale Shares, subject to the final audit by the Company's auditors.

The sales proceeds from the Disposal is US\$45 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 the highest applicable percentage ratio in respect of the Disposal (as calculated under Rule 14.07 of the Listing Rules) is 25% or more but is less than 75% and the highest applicable percentage ratio in respect of the Put Right (as calculated under Rule 14.07 of the Listing Rules) is 25% or more but is less than 100%, each of the Disposal and the Put Right constitutes a major transaction for the Company subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and the Put Right. As such, no Shareholder is required to abstain from voting if a general meeting were convened to approve the Disposal and the Put Right. As at the date of this announcement, Mr. Tian Ming, Greensheid, Landsea International and Easycorps held 8,901,500 Shares, 2,011,513,187 Shares, 367,914,894 Shares and 376,017,785 Shares, respectively, together representing approximately 58.53% voting rights of the Company giving the right to attend and vote at general meetings of the Company, for the Disposal and the Put Right in accordance with Rule 14.44 of the Listing Rules. Pursuant to Rule 14.44(2) of the Listing Rules, the written approval from Mr. Tian Ming, Greensheid, Landsea International and Easycorps has been accepted in lieu of holding a general meeting of the Company. Accordingly, no general meeting of the Company shall be convened to approve the Stock Purchase Agreement, the Put Option Agreement and the transactions contemplated under them.

GENERAL

A circular containing further details of the Disposal and the Put Right is expected to be despatched to the Shareholders on or before 30 June 2022, which is more than 15 business days after the publication of this announcement, as the Company will require more time to prepare the relevant information for inclusion in the circular. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules for the delay in despatch of the circular to the Shareholders.

DEFINITIONS

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

“Board”	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)
“Completion”	completion of the Disposal
“connected persons(s)”	has the meanings as defined in the Listing Rules
“Consideration”	the sale price of US\$9.30 per share of LSEA Stock for a total consideration of US\$45,000,000 payable to the Vendor pursuant to the Stock Purchase Agreement
“Directors”	directors of the Company
“Disposal”	the proposed disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the terms of the Stock Purchase Agreement
“Easycorps”	Easycorps Group Limited, a company wholly-owned by Mr. Tian Ming as at the date of this announcement
“First Put Exercise Period”	the period commencing on 1 March 2023 and the thirty days thereafter
“Greensheid”	Greensheid Corporation, a wholly-owned subsidiary of Landsea International as at the date of this announcement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Landsea Group”	朗詩集團股份有限公司 (Landsea Group Co., Ltd), a limited liability company established under the laws of the PRC, a controlling shareholder of the Company and is owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian Ming, and as to 15.85% by Mr. Tian Ming as at the date of this announcement

“Landsea Homes”	Landsea Homes Corporation, a company incorporated under the laws of the State of Delaware in the USA and the common stock of which are listed on NASDAQ, and a non wholly-owned subsidiary of the Company
“Landsea International”	Landsea International Holdings Limited, a controlling shareholder of the Company and wholly-owned by Landsea Group as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSEA Stock”	the common shares of Landsea Homes
“NASDAQ”	National Association of Securities Dealers Automated Quotations capital market
“PRC”	the People’s Republic of China
“Purchaser”	Green Investment Alpha Limited, a company incorporated in the British Virgin Islands with limited liability
“Put Exercise Notice”	an irrevocable written notice, in the form as set out in the Put Option Agreement, specifying the number of Sale Shares to be sold, to be delivered to the Vendor by the Purchaser
“Put Exercise Period”	First Put Exercise Period or Second Put Exercise Period
“Put Option Agreement”	the put option agreement dated 31 May 2022 (United States Eastern Daylight Time) entered into by the Vendor and the Purchaser, as one of the completion documents under the Stock Purchase Agreement
“Put Right”	the right of the Purchaser to cause the Vendor to purchase all or a portion of the Sale Shares pursuant to the terms of the Put Option Agreement
“Sale Shares”	4,838,710 shares of LSEA Stock, approximately 10.7% of the issued and outstanding shares of LSEA Stock
“SEC”	the United States Securities and Exchange Commission
“Second Put Exercise Period”	the period commencing on 1 March 2024 and the thirty days thereafter
“Securities Act”	the United States Securities Act of 1933, as amended from time to time

“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
“Stock Purchase Agreement”	the stock purchase agreement dated 31 May 2022 (United States Eastern Daylight Time) entered into by the Vendor and the Purchaser in relation to the Disposal
“USA”	the United States of America
“US\$”	United States dollar, the lawful currency of USA
“Vendor”	Landsea Holdings Corporation, a company incorporated under laws of the State of Delaware in the USA and an indirect wholly-owned subsidiary of the Company
“%”	Per cent.

For and on behalf of the Board
Landsea Green Properties Co., Ltd.
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 31 May 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.