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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

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

**(1) COMPLETION OF THE PARTIAL DISPOSAL OF LSEA STOCK
AND**

**(2) EXEMPTED CONNECTED TRANSACTION IN RELATION TO THE
DISPOSAL OF LSEA STOCK**

AND

(3) UPDATE ON VERY SUBSTANTIAL ACQUISITION

(1) COMPLETION OF THE PARTIAL DISPOSAL OF LSEA STOCK

References are made to (i) the announcement dated 5 February 2024 of Landsea Green Management Limited (the “**Company**”) in relation to the Possible Disposal; (ii) the circular (the “**Circular**”) of the Company dated 9 February 2024 in relation to the Possible Disposal; and (iii) the announcement of the Company dated 29 February 2024 in relation to the results of special general meeting of the Company to approve the Possible Disposal. Unless otherwise defined, capitalised terms used in this announcement have the same meanings as those defined in the Circular.

The Disposal

On 8 March 2024 (New York Time), LHC completed the disposal of 2,434,783 shares of LSEA Stock (the “**Disposed Shares**”), representing approximately 6.76% of the total issued and outstanding shares of LSEA Stock as of 4 March 2024, via underwritten offering in respect of which B. Riley Securities Inc. (“**B. Riley Securities**”) and BofA Securities, Inc. (“**BofA**”) were acting as joint bookrunning managers (each of them acting for itself and on behalf of other underwriters, together the “**Underwriters**”), at the public offering price of US\$11.6 per share of LSEA Stock (the “**Disposal**”).

The Group has received the sales proceeds from the Disposal (the “**Disposal Proceeds**”) in the amount of approximately US\$28.24 million. Subject to audit, the Group expects to recognise a loss of approximately US\$92.76 million from the Disposal which is calculated on the basis of the difference between (i) the book value of all 19,740,729 shares of LSEA Stock, representing approximately 54.8% of the issued and outstanding shares of LSEA Stock as of 4 March 2024, owned by the Group; and (ii) the Disposal Proceeds together with the hypothetical gain on the remaining 17,305,946 shares of LSEA Stock owned by the Group based on the market price of US\$12.4 per share, which was the closing price of LSEA Stock as at 6 March 2024.

Immediately following completion of the Disposal, the number of LSEA Stock held by LHC has decreased to 17,305,946, representing approximately 48.0% of the total issued and outstanding shares of LSEA Stock as of 4 March 2024. Landsea Homes has ceased to be a subsidiary of the Company. The financial results of Landsea Homes Group have ceased to be consolidated in the results of the Company. Landsea Homes will be accounted as an associate of the Company.

Information on B. Riley Securities

B. Riley Securities operates as an investment banking firm which provides corporate finance, advisory, research, sales, and trading services. B. Riley Securities serves corporate and institutional clients in the USA. It incorporated under the laws of the State of Delaware in the USA and is a wholly owned subsidiary of B. Riley Financial, Inc. (stock code: RILY), the common stock of which are listed on NASDAQ. To the best of the knowledge of the Directors having made all reasonable enquiries, B. Riley Securities is a third party independent of the Company and connected persons of the Company.

Information on BofA

BofA Securities, Inc. is registered with the U.S. Securities and Exchange Commission (“**SEC**”) as a broker-dealer and is a member of the Financial Industry Regulatory Authority, Inc. and the Securities Investor Protection Corporation. BofA Securities, Inc. is also registered with the SEC as an investment adviser to provide research services to institutional clients. It is incorporated under the laws of New York in the USA and a wholly owned subsidiary of Bank of America Corporation (stock code: BAC), the common stock of which are listed on The New York Stock Exchange. The Company is not listed as an affiliate of the Company on Form BD. To the best of the knowledge of the Directors having made all reasonable enquiries, BofA is a third party independent of the Company and connected persons of the Company.

(2) EXEMPTED CONNECTED TRANSACTION

In connection with the Disposal, LHC granted the Underwriters an option for a period of 30 days to purchase up to 365,217 additional shares of LSEA Stock (“**Option Shares**”), at the public offering price of US\$11.6 per Option Share.

On 8 March 2024 (New York Time), 43,362 Option Shares amounted to US\$503,000, representing approximately 0.12% of the total issued and outstanding shares of LSEA Stock as of 4 March 2024, were sold by the Underwriters to Bruce Frank, Mollie Fadule, Tom Hartfield and Murong Xinyao (collectively, the “**Connected Persons**”), details of which are set out below:

Name	Number of Option Shares	Consideration (US\$)
Bruce Frank	2,155	25,000
Mollie Fadule	8,621	100,000
Tom Hartfield	2,586	30,000
Murong Xinyao	<u>30,000</u>	<u>348,000</u>
Total	<u>43,362</u>	<u>503,000</u>

Consideration and basis of determination

The consideration for the disposal of 43,362 Option Shares to the Connected Persons (the “**Connected Disposal**”) was US\$503,000 and was paid in cash on 8 March 2024 (New York Time) to the Underwriters.

The public offering price of US\$11.6 per Option Share represented:

- (a) a discount of approximately 6.5% to the closing price of US\$12.4 per share of LSEA Stock as quoted on NASDAQ immediately preceding the date of the underwriting agreement entered into between LHC, Landsea Homes and the underwriters; and
- (b) a discount of approximately 8.9% to the average closing price of US\$12.73 per share of LSEA Stock as quoted on NASDAQ for the five (5) consecutive trading days immediately preceding the date of the underwriting agreement entered into between LHC, Landsea Homes and the underwriters.

The public offering price of US\$11.6 per Option Share was determined with reference to the prevailing market price of LSEA Stock of US\$12.4 per share as at 6 March 2024, being the date immediately before the date of prospectus supplement issued for the Disposal.

Completion

Completion of the Connected Disposal took place on 8 March 2024 (New York Time).

Financial effect of and the use of proceeds from the Connected Disposal

The Group has received the sales proceeds from the Connected Disposal (the “**Connected Proceeds**”) in the amount of approximately US\$503,000. Subject to audit, the Group expects to recognise a loss of approximately US\$234,155 from the Connected Disposal which is calculated on the basis of the difference between (i) the book value of the 43,362 Option Shares, and (ii) the Connected Proceeds. The Company will use the Connected Proceeds for repayment of loans and general working capital.

Immediately following completion of the Connected Disposal, the number of LSEA Stock held by LHC has decreased to 17,262,584, representing approximately 47.9% of the total issued and outstanding shares of LSEA Stock as of 4 March 2024.

Reasons for and benefits of the disposal of Option Shares

The Group is principally engaged in development and sales of properties in the PRC and the United States, provision of project development and management services. The Directors consider that the Connected Disposal in the public offering releases a positive signal and will enhance the overall confidence of the capital market to the Group.

The Directors (including the independent non-executive Directors) consider the Connected Disposal is on normal commercial terms or better, and that the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole. As Murong Xinyao is the spouse of Mr. Tian Ming (“**Mr. Tian**”), the Chairman and an executive Director, Mr. Tian is deemed to have interest in the transactions contemplated under the Connected Disposal. Therefore, Mr. Tian has abstained from voting in respect of the resolutions for approving the Connected Disposal at the Board meeting for approving the same. Save for Mr. Tian, none of the Directors has a material interest in the Connected Disposal or is required to abstain from voting from the Board resolutions for considering and approving the same pursuant to the bye-laws of the Company.

Information on the Connected Persons

Bruce Frank is a director of Landsea Homes.

Mollie Fadule is a director of Landsea Homes.

Tom Hartfield is a director of Landsea Homes.

Murong Xinyao is the spouse of Mr. Tian, the Chairman, an executive Director and the Chairman of Landsea Homes.

Information on LHC

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

Information on Landsea Homes

Landsea Homes was incorporated under the laws of the State of Delaware in the USA and the common stock of which are listed on NASDAQ. Landsea Homes is principally engaged in real estate development. As at the date immediately after completion of the Disposal and the disposal of all the Option Shares, Landsea Homes is owned as to approximately 47% by LHC.

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 2023 prepared in accordance with US GAAP are as follows:

	For the year ended 31 December 2022 (US\$)	For the year ended 31 December 2023 (US\$)
Profit before taxation	101,065,000	44,545,000
Profit after taxation	75,665,000	32,650,000

As at 31 December 2023, the audited consolidated net assets of Landsea Homes was US\$688,352,000.

Implications under the Listing Rules

As all of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Connected Disposal in the public offering are below 5%, the disposal constituted a connected transaction which is subject to reporting and announcement requirements but is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

(3) UPDATE ON VERY SUBSTANTIAL ACQUISITION

Reference is made to the announcement (the “**Announcement**”) of the Company dated 1 February 2024 in relation to the acquisition (the “**Acquisition**”) of all of the issued equity interests of Antares Acquisition, LLC (the “**Target Company**”) under the membership interest purchase agreement dated 8 January 2024 (New York Time) entered into by and among Landsea Homes (as purchaser), Tommy McAden, Lisa McAden and McAden Enterprises, Inc. (as sellers) and the Target Company.

Following completion of the Disposal, Landsea Homes is no longer a subsidiary of the Company. In light of the above, the Acquisition as disclosed in the Announcement no longer constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is no longer subject to the reporting, announcement, circular and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

By order of the Board
Landsea Green Management Limited
Gao Yuan
Company Secretary

Hong Kong, 10 March 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tian Ming and Mr. Huang Zheng, one non-executive Director, namely Ms. Gu Jing, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.