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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

THE ACQUISITION

On 18 January 2022 (United States Pacific Standard Time), the Purchaser and Landsea Homes, which are non-wholly owned subsidiaries of the Company, the Sellers, the Seller A Members and the Orosz Principals entered into the Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Sellers conditionally agreed to sell, the Interests.

Upon Closing, the Target Company will become a wholly-owned subsidiary of the Purchaser and its results will be consolidated by the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is 25% or more and all of such ratios are less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements pursuant to 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 Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting were convened to approve the Agreement and the transactions contemplated thereunder. As at the date of this announcement, each of Mr. Tian Ming, Greensheid, Landsea International and Easycorps held 8,901,500 Shares, 2,011,049,187 Shares, 367,914,894 Shares and 376,017,785 Shares respectively, together representing approximately 58.52% interests of the Company giving the right to attend and vote at general meetings of the Company, for the Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Mr. Tian Ming, Greensheid, Landsea International and Easycorps will be accepted in lieu of holding a general meeting of the Company. Accordingly, no general meeting of the Company shall be convened to approve the Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other information, further details of the Agreement and the transactions contemplated thereunder and financial information of the Target Company would be required to be despatched to the Shareholders on or before 14 February 2022. As the Company expects that it will require more than 15 business days to prepare the financial and other information to be included 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 and delay the despatch of the circular to the Shareholders to on or before 31 March 2022.

THE ACQUISITION

On 18 January 2022 (United States Pacific Standard Time), the Purchaser and Landsea Homes, which are non-wholly owned subsidiaries of the Company, entered into the Agreement with the Sellers, the Seller A Members and the Orosz Principals, pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Interests.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Parties

- (i) The Purchaser (a non-wholly owned subsidiary of the Company);
- (ii) Landsea Homes (a non-wholly owned subsidiary of the Company);
- (iii) the Sellers;
- (iv) the Seller A Members; and
- (v) the Orosz Principals.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Sellers and their respective ultimate beneficial owners, including the Seller A Members and Orosz Principals, is a third party independent of the Company and connected persons of the Company.

Subject Matter

The Agreement governs the terms and conditions whereby the Purchaser shall acquire the Interests, which represent all of the issued equity interests of the Target Company.

Base Purchase Price

The Base Purchase Price is US\$179,241,431, which was determined by the parties after arm's length negotiations and after taking into account, (i) the benchmark market value of the properties adjacent to the properties owned by the Target Company, and (ii) the Base Purchase Price against the net income of the Target Company as at 31 December 2020 (i.e. approximately US\$16,388,000), representing a price-to-earnings ratio of approximately 10.9 times (the "**P/E Ratio**"). The P/E Ratio falls within the range of price-to-earnings multiples applied in the acquisition of property development companies in the USA in 2020. The price-to-earnings multiples of comparable companies in the market range from approximately 10.5x times to approximately 20.5 times, with an average of approximately 14.6 times.

Payment method of the Purchase Price

On the Closing Date, the Purchaser paid the Estimated Closing Date Purchase Price in cash to the Sellers.

Within 150 days after the Closing Date, the Sellers and the Purchaser will agree on the Closing Date Purchase Price by determining the actual transaction expenses incurred by the Target Company or its subsidiaries and any item in dispute will be determined by an independent accounting firm to be engaged by the Sellers and the Purchasers. If the Adjustment Amount is a positive amount, then within five (5) business days following the date of such determination, the Purchaser will pay to each Seller in cash its pro rata portion of the Adjustment Amount. If the Adjustment Amount is a negative amount (the "**Shortfall Amount**"), then within five (5) business days following the date of such determination, each Seller will pay to the Purchaser in cash each Seller's pro rata portion of the Shortfall Amount.

The Purchase Price is expected to be funded by the internal resources of Landsea Homes.

Closing

Closing took place on the Closing Date.

Upon Closing, the Target Company has become a wholly-owned subsidiary of the Purchaser and its results will be consolidated by the Group.

Post Closing Employment of the Orosz Principals

The parties agreed that the Orosz Principals shall remain employed by the Target Company in substantially equivalent capacities with substantively commensurate compensation structures (in the aggregate) on an "at will" basis for an interim period of time from and after the Closing, for a period of six (6) months, unless extended by the parties. J. Matthew Orosz and Stephen Orosz will continue their existing roles as co-Presidents (Florida Division) and Andrew Orosz will serve as Legal Counsel (Florida Division).

INFORMATION ON THE PARTIES

The Purchaser

The Purchaser is incorporated in the State of Delaware, and is principally engaged in real estate development.

Landsea Homes

Landsea Homes is a non-wholly owned subsidiary of the Company. It is incorporated under 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, and it wholly-owns the Purchaser directly.

The Company

The Company is an investment holding company. The Group is principally engaged in development and sales of properties.

The Sellers

Seller A is incorporated under the State of Delaware in the USA, and is principally engaged in real estate development. As at the date of this announcement, Seller A is owned by SWO Holdings Irrevocable Trust (“**SWO Trust**”), AJO Holdings Irrevocable Trust (“**AJO Trust**”), JMO Holdings Irrevocable Trust (“**JMO Trust**”). The trustee and beneficiary of SWO Trust is Stephen William Orosz; the trustee and beneficiary of AJO Trust is Andrew J. Orosz; and the trustee and beneficiary of JMO Trust is John Matthew Orosz.

Seller B is incorporated under the State of Delaware in the USA, and is principally engaged in real estate development and investment. Seller B is owned by Emerson Investments International, Inc, an entity which is owned by Anthony Jones and Mark Jones.

As at the date of this announcement, each of Seller A and Seller B held 75% and 25% of the entire membership interests in the Target Company, respectively.

The Seller A Members

The Seller A Members are individuals resided in the USA.

The Orosz Principals

The Orosz Principals are individuals resided in the USA, who are key management persons operating the Target Company.

The Target Company

The Target Company is a limited liability company incorporated in the State of Florida of the USA. The Target Company’s operations primarily consist of land acquisition and development, construction, and the sale of single family residential units in Central Florida and Orlando market.

The net assets and total assets value of the Target Company and its subsidiaries as extracted from its consolidated unaudited financial statements as at 31 October 2021 prepared in accordance with the generally accepted accounting principles in the USA were approximately US\$51,478,446 and US\$146,635,518 respectively.

The financial results of the Target Company and its subsidiaries as extracted from the consolidated audited financial statements for the two financial years ended 31 December 2020 are as follows:

	For the year ended	
	31 December	
	2020	2019
	(audited)	(audited)
	(US\$)	(US\$)
Net profit before tax and extraordinary items	16,387,576	13,956,550
Net profit after tax and extraordinary items (<i>Note</i>)	16,387,576	13,956,550

Note: The Target Company is not subject to corporate income tax

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company has been actively exploring more quality projects and new markets, continuing to deepen its strategic layout and improving its business landscape in the USA.

The Target Company's development project is located in Central Florida and Orlando area. The Acquisition enables the Company to strategically expand its brand into in Central Florida and Orlando markets, and strengthen its market share in competitively priced homes in the USA.

Based on the foregoing, the Directors (including the independent non-executive Directors) believe that the terms of the Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is 25% or more and all of such ratios are less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements pursuant to 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 Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting were convened to approve the Agreement and the transactions contemplated thereunder. As at the date of this announcement, (i) Greensheid is wholly-owned by Landsea International; (ii) Landsea International is wholly-owned by Landsea Group Co., Ltd., which is in turn owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian, and

as to 15.85% by Mr. Tian; and (iii) Easycorps is a company wholly and beneficially owned by Mr. Tian, and each of Mr. Tian Ming, Greensheid, Landsea International and Easycorps held 8,901,500 Shares, 2,011,049,187 Shares, 367,914,894 Shares and 376,017,785 Shares respectively, together representing approximately 58.52% interests of the Company giving the right to attend and vote at general meetings of the Company, for the Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules. Pursuant to Rule 14.44(2) of the Listing Rules, the written Shareholders' approval from Mr. Tian Ming, Greensheid, Landsea International and Easycorps will be accepted in lieu of holding a general meeting of the Company. Accordingly, no general meeting of the Company shall be convened to approve the Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other information, further details of the Agreement and the transactions contemplated thereunder and financial information of the Target Company would be required to be despatched to the Shareholders on or before 14 February 2022. As the Company expects that it will require more than 15 business days to prepare the financial and other information to be included 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 and delay the despatch of the circular to the Shareholders to on or before 31 March 2022.

DEFINITIONS

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

“Acquisition”	the acquisition of the Interests by the Purchaser from the Sellers under the Agreement
“Adjustment Amount”	an amount equal to the Closing Date Purchase Price less the Estimated Closing Date Purchase Price
“Agreement”	the membership interest purchase agreement dated 18 January 2022 (United States Pacific Standard Time) entered into by and among the Purchaser, Landsea Homes, the Sellers, the Seller A Members and the Orosz Principals
“Base Purchase Price”	an amount equal to US\$179,241,431
“Board”	board of Directors
“Closing”	closing of the Acquisition under the Agreement
“Closing Date”	the date of Closing, being the date of the Agreement

“Closing Date Purchase Price”	an amount equal to the Base Purchase Price less the sum of the actual transaction expenses incurred by the Target Company or its subsidiaries as of the Closing Date and plus the amount (if any) by which the Closing Working Capital exceeds the Target Working Capital
“Closing Working Capital”	the Working Capital as of 11:59 p.m., Eastern Time on the day immediately preceding the Closing Date, being the amount of US\$46,059,369
“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)
“connected person(s)”	has the meanings as defined in the Listing Rules
“Director(s)”	director(s) of the Company
“Easycorps”	Easycorps Group Limited, a company wholly-owned by Mr. Tian Ming as at the date of this announcement
“Estimated Closing Date Purchase Price”	an amount equal to the Base Purchase Price less the estimated transaction expenses incurred by the Target Company or its subsidiaries as of the Closing Date
“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
“Interests”	all of the issued equity interests of the Target Company
“Landsea Homes”	Landsea Homes Corporation, a company incorporated under 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 as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“NASDAQ”	National Association of Securities Dealers Automated Quotations capital market
“Orosz Principals”	J. Matthew Orosz, Andrew Orosz, and Stephen Orosz
“PRC”	the People’s Republic of China
“Purchase Price”	the purchase price for the Interests, which will not be greater than US\$185,000,000
“Purchaser”	Landsea Homes of Florida LLC, a company incorporated under the State of Delaware in the USA and a non-wholly owned subsidiary of the Company
“Seller A”	SAM Building Partners, LLC, a company incorporated under the State of Delaware in the USA
“Seller A Members”	SWO Holdings Irrevocable Trust, AJO Holdings Irrevocable Trust, JMO Holdings Irrevocable Trust
“Seller B”	Edge Creek Ventures, LLC, a company incorporated under the State of Delaware in the USA
“Sellers”	Seller A and Seller B
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hanover Family Builders, LLC, a limited liability company incorporated in the State of Florida of the USA
“Target Working Capital”	an amount equal to US\$46,059,369
“USA”	the United States of America
“US GAAP”	generally accepted accounting principles in the USA
“US\$”	United States dollar, the lawful currency of United States of America
“Working Capital”	as of any date of determination, the excess of the Target Company’s current assets on a consolidated basis as of such date over the Target Company’s total current liabilities, determined in accordance with the US GAAP adopted by the Target Company

“%”

per cent.

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

Hong Kong, 19 January 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Tian Ming, Mr. Huang Zheng and Mr. Jiang Chao, the non-executive Directors of the Company are Ms. Shen Leying 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.