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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)

DISCLOSEABLE TRANSACTION

ACQUISITION

On 8 January 2020, the Purchaser and Landsea Homes, wholly-owned subsidiaries of the Company, the Sellers, the Individuals and the Target Company entered into the Agreement, pursuant to which the Purchaser conditionally agreed to purchase, and the Sellers conditionally agreed to sell, all of the issued and outstanding membership interests of the Target Company.

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 exceed 5% and all of such ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Parties

- (i) The Purchaser (a wholly-owned subsidiary of the Company)
- (ii) Landsea Homes (a wholly-owned subsidiary of the Company)

- (iii) the Sellers
- (iv) the Individuals
- (v) the Target Company

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, being the Individuals, is independent of the Company and connected persons of the Company.

Subject Matter

The Interests, representing all of the issued and outstanding membership interests of the Target Company.

Purchase Price

The total Purchase Price is US\$50,700,000, subject to adjustments, which was determined with reference to the benchmark market value of the properties adjacent to the properties owned by the Target Company, the Sellers' collective equity balance in the Target Company and the financial information of the Target Company as at 31 October 2019, the prospects of the Target Company and the estimated closing transaction expenses of the Target Company up to the Closing Date.

The Purchase Price is subject to adjustments based on the members' equity as shown in the audited financial statements for the Target Company for the fiscal year ended 31 December 2019 and the closing transaction expenses of the Target Company. If the adjustment amount is a positive amount, the Purchaser shall pay to each Seller its pro rata portion of the adjustment amount within five business days. If the adjustment amount is a negative amount, each Seller shall pay to the Purchaser each Seller's pro rata portion of such shortfall amount within five business days, subject to set off against any remaining portion of the Holdback Amount at such time.

Payment method of the Purchase Price

Within one business day of the execution of the Agreement, the Purchaser and the Sellers shall enter into an escrow agreement with the escrow agent, and within two business days following the execution of the escrow agreement, the Purchaser shall deposit US\$10,000,000 (the "**Purchase Price Deposit**") with the escrow agent.

Subject to the termination of the Agreement, on the Closing Date, the Purchaser shall cause the escrow agent to distribute to each Seller its pro rata portion of the Purchase Price Deposit and the balance of the Purchase Price after deducting the Purchase Price Deposit and the Holdback Amount.

On the first anniversary of the Closing Date, subject to any pending or final indemnification claims by the Purchaser under the Agreement, the Holdback Amount will be released to the Sellers.

The Purchase Price, including the Purchase Price Deposit, will be funded by the internal resources of the Group.

Closing conditions

Closing of the Acquisition is subject to the fulfillment or waiver of, among others, the following closing conditions:

- (1) all governmental authorization that are required to be filed or obtained prior to the Closing Date shall have been filed or obtained;
- (2) no judgement shall have been entered in any proceeding before any court or other government authority which would have the effect of (a) making the Acquisition illegal or (b) otherwise preventing the consummation of the Acquisition;
- (3) certain fundamental representations and warranties of each of (a) the Purchaser, (b) Landsea Homes, (c) the Target Company and (d) each of the Sellers shall be true and correct in all respects on and as of the date of the Agreement and on and as of the Closing Date;
- (4) all other representations and warranties of each of (a) the Purchaser, (b) Landsea Homes, (c) the Target Company and (d) each of the Sellers shall be true and correct in all material respects on and as of the date of the Agreement and on and as of the Closing Date;
- (5) all the obligations of the Sellers and the Target Company under the Agreement shall have been fulfilled in all material respects;
- (6) all the obligations of the Purchaser under the Agreement shall have been fulfilled in all material respects;
- (7) there shall not have been a material adverse effect on the Target Company or the occurrence of any change, effect, event, occurrence, state of facts or development which would have a material adverse effect on the Target Company;
- (8) the Purchaser shall have received certain deliverables which are required to be delivered to the Purchaser under the Agreement;
- (9) all payoff letters and releases related to the Target Company's outstanding indebtedness as of the closing of the Acquisition shall have been obtained by the Target Company and delivered to Purchaser, which shall be in form and substance satisfactory to the Purchaser;
- (10) the Sellers shall have delivered to the Purchaser the Interests, free and clear of all liens; and

- (11) The designated insurance company shall have unconditionally and irrevocably committed to issue to the Purchaser, the Target Company or its subsidiary as directed by the Purchaser, as the insured, an owner's policy of title insurance in the amount reasonably determined by the Purchaser and in the form approved by the Purchaser (which shall not be unreasonably withheld or delayed).

Closing

Closing of the Acquisition shall take place on the later of (a) 15 January 2020 or (b) the third business day following the satisfaction or waiver of the closing conditions, or such other date to be agreed by the parties to the Agreement.

Upon closing of the Acquisition, the Target Company and its subsidiaries shall become wholly-owned subsidiaries of the Company and their financial results will be consolidated into the financial statements of the Company.

INFORMATION ON THE PARTIES

The Purchaser, a Delaware limited liability company, and its principal activity is real estate development.

Landsea Homes, a Delaware corporation, owns all outstanding membership interests of the Purchaser, and its principal activity is real estate development.

To the knowledge of the Directors, each of the Sellers is a Wyoming limited liability company, and its principal activity is real estate development.

To the knowledge of the Directors, each of Individual 1, Individual 2 and Individual 3 is the holder of all of the outstanding membership interests of Seller 1, Seller 2 and Seller 3 respectively.

The Target Company is an Arizona limited liability company. The Target Company's operations primarily consist of land acquisition and development, construction, and the sale of single family residential units. The Target Company owned or controlled approximately 1,917 lots of lands in Greater Phoenix area, Arizona, USA as of 31 October 2019.

The net assets and total assets value of the Target Company and its subsidiaries as extracted from its consolidated audited financial statements as at 31 December 2018 prepared in accordance with the generally accepted accounting principles in the USA were approximately US\$11,180,000 and US\$86,000,000 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 2018 are as follows:

	For the year ended 31 December	
	2017	2018
	(audited)	(audited)
	(US\$)	(US\$)
Net income (<i>Note</i>)	5,098,807	6,540,456

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

REASONS FOR AND BENEFITS OF THE AGREEMENT AND THE TRANSACTIONS CONTEMPLATED THEREUNDER

The Group has been ranked among the top 100 property companies in China for nine consecutive years and is the leading green property development operator in China. Since 2004, the Group has been implementing a strategy of focusing on green product differentiation development, and its business has comprehensively covered major economic regions in China as well as the main first-line gateway areas in the USA.

The Company, through streamlining its business, is focusing on the core business of green technology property development and unleashing the potential for profit margin of product differentiation, with a view to maximizing values for the Shareholders.

The Company established the Landsea Homes brand in the USA in 2013. After years of development, the projects of Landsea Homes spread across the USA, and include first-tier gateway cities in the San Francisco Bay and Los Angeles regions on the west coast, and the Greater New York Area on the east coast.

The Group has continued its expansion into the residential project market in Arizona and through the Acquisition will further expand its residential project portfolio which is another major milestone for the Company in Arizona, USA.

In the last decade, the real estate market in Arizona, a market of strategic importance for real estate developers, had sustained strong economic growth. The Acquisition will complement the Company's existing Arizona business, optimize assets and business structure, and strengthen the Company's market competitiveness in Arizona, which is an important step for the Company to continue to implement its strategic layout 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 its 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 exceed 5% and all of such ratios are less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

If the Purchase Price is adjusted to a higher amount resulting in a higher classification of the transaction under Chapter 14 of the Listing Rules, the Company will comply with the relevant compliance requirements as and when appropriate.

DEFINITIONS

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

“Acquisition”	the acquisition of the entire membership interests in the Target Company by the Purchaser as contemplated under the Agreement
“Agreement”	the membership interest purchase agreement entered into by the Purchaser, Landsea Homes, the Target Company, the Sellers and the Individuals on 8 January 2020, pursuant to which the Purchaser conditionally agreed to acquire from the Sellers the Interests
“Board”	the board of Directors
“Closing Date”	the date on which the consummation of the Acquisition, which shall be on the later of (a) 15 January 2020, or (b) the third business day following the satisfaction or waiver of all conditions to the obligation of the parties to the Agreement, or such other date as may be agreed to in writing by the Purchaser and the Sellers
“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
“Group”	the Company and its subsidiaries

“Holdback Amount”	an amount of US\$2,000,000 to be held back by the Purchaser to cover certain claims, which shall be released to the Sellers on the first anniversary of the Closing Date
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Interests”	the entire membership interests of the Target Company
“Individual 1”	Jacob S. Walker, an individual and the holder of all of the outstanding membership interests of Seller 1
“Individual 2”	Jeffrey M. Garrett, an individual and the holder of all of the outstanding membership interests of Seller 2
“Individual 3”	F. Michael Geddes, an individual and the holder of all of the outstanding membership interests of Seller 3
“Individuals”	collectively Individual 1, Individual 2 and Individual 3
“Landsea Homes”	Landsea Homes Incorporated, a Delaware corporation, and an indirect wholly-owned subsidiary of the Company, and being the parent company of the Purchaser
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Purchase Price”	the purchase price of the acquisition, being approximately US\$50,700,000, subject to adjustments
“Purchaser”	Landsea Homes of Arizona, LLC, a Delaware limited liability company, and an indirect wholly-owned subsidiary of the Company
“Seller 1”	Longhorn Wyoming, LLC, a Wyoming limited liability company, and the holder of 36.25% membership interests of the Target Company

“Seller 2”	ZKL, LLC, a Wyoming limited company, and the holder of 36.25% membership interests of the Target Company
“Seller 3”	GGW Funding, LLC, an Arizona limited liability company, and the holder of 27.50% membership interests of the Target Company
“Sellers”	collectively Seller 1, Seller 2 and Seller 3
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	GWH Holdings, LLC, an Arizona limited liability company
“USA”	The United States of America
“US\$”	United States dollar, the lawful currency of United States of America
“%”	per cent.

By Order of the Board
Landsea Green Properties Co., Ltd.
Chan Yuen Ying, Stella
Company Secretary

Hong Kong, 8 January 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Tian Ming, Ms. Shen Leying, Ms. Zhou Qin and Mr. Xie Yuanjian, one non-executive Director, namely Mr. Zhou Yimin, and four independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Lee Kwan Hung, Eddie, Mr. Chen Tai-yuan and Mr. Rui Meng.