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LANDSEA 朗诗
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

THE ACQUISITION

On [●] 2021, the Purchaser and Landsea Homes, which are non-wholly owned subsidiaries of the Company, the Sellers and the Target Company 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 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.

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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 Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Sellers is independent of the Company and connected persons of the Company.

Subject Matter

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

Purchase Price

The initial Purchase Price is US\$54,600,000, which is 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 historical financial performance of the Target Company. The initial Purchase Price is subject to adjustment of the Adjustment Amount.

If the Adjustment Amount is a positive amount, the Purchaser shall pay to each Seller its pro rata portion of the Adjustment Amount. 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, 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 the Purchaser shall deposit an amount of US\$2,500,000 (the "**Purchase Price Deposit**") with the Escrow Agent.

Subject to the termination of the Agreement, on the Closing Date, the Purchaser shall pay, or cause the Escrow Agent to pay and distribute from the Purchase Price Deposit, (i) the Note Repayment Amount to the Sellers; and (ii) the pro rata portion of the Purchase Price to each Seller in respect of the balance of the Purchase Price after deducting the Purchase Price Deposit, the Note Repayment Amount and the Holdback Amount accrued as at the time thereof.

On the first anniversary of the Closing Date, subject to the deduction of any pending or final indemnification claims by the Purchaser under the Agreement, an amount equal to each Seller's pro rata portion of the outstanding Holdback Amount will be released to each Seller.

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 having been filed or obtained;
- (2) no judgement having 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 being 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 being 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 having been fulfilled in all material respects;
- (6) all the obligations of the Purchaser under the Agreement having been fulfilled in all material respects;
- (7) there having been no occurrence of any 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 having 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 having been obtained by the Target Company and delivered to Purchaser, which shall be in form and substance satisfactory to the Purchaser;
- (10) all relevant consents from third parties having been obtained by the Target Company or its subsidiary; and
- (11) the Sellers having delivered to the Purchaser the Interests, free and clear of all liens.

The Purchaser and the Sellers shall have its respective rights to waive certain Closing conditions under the Agreement.

Closing

Closing of the Acquisition shall take place on the third (3rd) 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, the Target Company will become a wholly-owned subsidiary of the Purchaser and its results will be consolidated by the Group.

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 Sellers

The Sellers are individuals resided in the USA.

As at the date of this announcement, each of Seller A, Seller B, Seller C, Seller D and Seller E held 24.75%, 24.75%, 24.75%, 24.75% and 1% of the entire membership interests in the Target Company, respectively.

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 the Greater Austin-San Antonio Texas 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 March 2021 prepared in accordance with the generally accepted accounting principles in the USA were approximately US\$29,344,963 and US\$90,001,194 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 income (<i>Note</i>)	8,616,970	2,892,913

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 currently has development projects in 26 communities in Central Florida and 6 communities in the Greater Austin-San Antonio area, and has recorded profits since its start up in 2012. The Acquisition enables the Company to strategically expand its brand into in Central Florida and the Greater Austin-San Antonio Texas 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 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
“Adjustment Amount”	an amount equal to the difference between the actual and estimated transaction expenses incurred in connection with the Closing as agreed between the Purchaser and the Sellers within 180 days after the Closing Date
“Agreement”	the membership interest purchase agreement dated [●] 2021 entered into by the Purchaser, Landsea Homes, the Target Company and the Sellers, pursuant to which the Purchaser conditionally agreed to acquire from the Sellers the Interests
“Board”	the board of Directors
“Closing”	closing of the Acquisition under the Agreement
“Closing Date”	the date of Closing, being a date no later than the third (3rd) business day following the satisfaction or waiver of all Closing conditions under the Agreement, or such other date as agreed between the parties in writing
“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
“Escrow Agent”	Citibank, N.A.
“Group”	the Company and its subsidiaries
“Holdback Amount”	a maximum amount of US\$5,000,000 to be held back by the Purchaser to cover certain claims under the Agreement, the outstanding of which shall be released to the Sellers after deducting such claims 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
“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 is a non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NASDAQ”	National Association of Securities Dealers Automated Quotations capital market
“Note Repayment Amount”	an aggregate amount of US\$[4,940,490], being the outstanding principal amount and accrued interests as at Closing under the promissory notes executed by the Target Company in favour of the Sellers
“PRC”	The People’s Republic of China
“Purchase Price”	the purchase price of the Interests, being approximately US\$54,600,000, subject to adjustment of the Adjustment Amount
“Purchaser”	Landsea Homes US Corporation, a company incorporated under the State of Delaware in the USA and is a non-wholly owned subsidiary of the Company
“Seller A”	Mr. Keith Buescher, an individual resided in the USA
“Seller B”	Mr. Scott Buescher, an individual resided in the USA
“Seller C”	Ms. Susan Girard, an individual resided in the USA
“Seller D”	Ms. Linda Swain, an individual resided in the USA
“Seller E”	Mr. Tom Buescher, an individual resided in the USA
“Sellers”	collectively Seller A, Seller B, Seller C, Seller D and Seller E
“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”	Mercedes Premier Homes, LLC, a limited liability company incorporated in the State of Florida of the USA

“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, [●] 2021

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tian Ming, Mr. Huang Zheng and Mr. Jiang Chao, two non-executive Directors, namely Ms. Shen Leying and Mr. Zhou Yimin, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.