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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
CAPITAL INCREASE IN THE TARGET COMPANY**

THE CAPITAL INCREASE

On 15 December 2021, Chengdu Langduo, an indirect wholly-owned subsidiary of the Company, Chengdu Desun and the Target Company entered into the Capital Increase Agreement.

As at the date of this announcement, the existing registered and paid up capital of the Target Company is RMB20,000,000; and each of Chengdu Langduo and Chengdu Desun holds 50% of the equity interests in the Target Company. Pursuant to the Capital Increase Agreement, Chengdu Langduo agreed to make a capital contribution of RMB30,000,000, of which RMB5,000,000 will be contributed to the registered capital and the balance of RMB25,000,000 will be contributed to the capital reserve of the Target Company.

Upon Completion, the Target Company will be interested as to 60% and 40% by Chengdu Langduo and Chengdu Desun, respectively. The Target Company will become a subsidiary of the Company and its results will be consolidated by the Group.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Capital Increase is 5% or more and all of such ratios are less than 25%, the Capital Increase 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 CAPITAL INCREASE AGREEMENT

Date: 15 December 2021

Parties: (1) Chengdu Langduo, an indirect wholly-owned subsidiary;
(2) Chengdu Desun; and
(3) the Target Company

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, as at the date of this announcement, Chengdu Desun and its ultimate beneficial owners are independent of the Company and its connected persons (as defined in the Listing Rules).

The Capital Increase

As at the date of this announcement, the existing registered and paid up capital of the Target Company is RMB20,000,000; and each of Chengdu Langduo and Chengdu Desun holds 50% of the equity interests in the Target Company. Pursuant to the Capital Increase Agreement, Chengdu Langduo agreed to make a capital contribution of RMB30,000,000 in cash, of which RMB5,000,000 will be contributed to the registered capital and the balance of RMB25,000,000 will be contributed to the capital reserve of the Target Company.

The amount of the Capital Increase was determined after arm's length negotiations between Chengdu Langduo and Chengdu Desun with reference to (i) the unaudited consolidated net liabilities of the Target Company as at 30 November 2021, being approximately RMB41,211,408; and (ii) the location and conditions of the properties in the Land, and the unrealized proceeds from the pre-sold residential properties of the Land.

The Capital Increase will be funded by internal resources of the Group.

Completion

As at the date of this announcement, the Target Company is accounted as a joint venture of the Company. Upon Completion, the Target Company will be interested as to 60% and 40% by Chengdu Langduo and Chengdu Desun, respectively. The Target Company will become a subsidiary of the Company and its results will be consolidated by the Group.

The following table sets out the shareholding of the Target Company after Completion:

Shareholders	Total amount of registered capital contributed (RMB)	Approximate shareholding percentage
Chengdu Langduo	15,000,000	60%
Chengdu Desun	10,000,000	40%
Total:	<u>25,000,000</u>	<u>100%</u>

Information on the Company and Chengdu Langduo

The Company is principally engaged in the businesses of development and sales of properties. Chengdu Langduo is an indirect wholly-owned subsidiary of the Company established in the PRC, and is principally engaged in corporate management consulting.

Information on Chengdu Desun

Chengdu Desun is principally engaged in property development and construction work. As at the date of this announcement, Chengdu Desun is held as to 80% and 20% equity interest by Chengdu Desun Yuanmou Holding (Group) Co., Ltd.* (成都德商淵謀控股(集團)有限公司) (“**Desun Yuanmou**”) and Mr. Zou Kang, respectively. Desun Yuanmou is held as to 89.375% equity interest by Mr. Zou Kang. Save for Mr. Zou Kang, no other shareholder is interested in 30% or more of the equity interests in Chengdu Desun.

Information on the Target Company

The Target Company was established on 2 August 2019 in the PRC. It holds the Land, and is principally engaged in the property development of the Land.

The audited financial results of the Target Company which were prepared in accordance with the applicable PRC accounting standards for the two years immediately preceding the date of this announcement are set out as follows:

	For the year ended	
	31 December	
	2019	2020
	(Audited)	(Audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net loss before tax	(680)	(80,453)
Net loss after tax	(533)	(60,423)

The unaudited net liabilities value of the Target Company as at 30 November 2021 was approximately RMB41,211,408.

Reasons for the entering into the Capital Increase Agreement

The Company is principally engaged in the businesses of development and sales of properties. As at the date of this announcement, the Target Company holds the Land, which has been developed into residential, car parking spaces and commercial properties (the “**Target Project**”). All residential properties under the Target Project have been pre-sold pending completion and some of the car parking spaces and commercial properties are in stock. As a result of the Capital Increase, the Target Company will become a subsidiary of the Company, and its results including but not limited to income and cash inflow will be consolidated by the Group.

Based on the foregoing, the Directors (including the independent non-executive Directors) believe that the terms of the Capital Increase 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 of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Capital Increase is 5% or more and all of such ratios are less than 25%, the Capital Increase 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Board”	board of Directors;
“Capital Increase”	the proposed capital contribution by Chengdu Langduo in the total amount of RMB30,000,000, of which RMB5,000,000 will be contributed to the registered capital and the balance of RMB25,000,000 will be used as capital reserve of the Target Company;
“Capital Increase Agreement”	the capital increase agreement dated 15 December 2021 entered into by and among Chengdu Langduo, Chengdu Desun and the Target Company in relation to the Capital Increase;
“Chengdu Desun”	Chengdu Desun Property Co., Ltd* (成都德商置業有限公司), a company established in the PRC with limited liability;
“Chengdu Langduo”	Chengdu Langduo Enterprise Management Consulting Co., Ltd.* (成都朗鐸企業管理諮詢有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“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 Capital Increase;
“Director(s)”	director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Land”	the land parcel situated at No. 1, 2, 4 and 10 of Xiangshan Village, Huayang Street, Tianfu New District, Chengdu City, the PRC with land parcel lot number TF (07/05): 2019-6;

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Chengdu Desun Rongda Property Co., Ltd* (成都德商榮達置業有限公司), a company established in the PRC with limited liability; and
“%”	per cent.

* For identification purpose only.

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

Hong Kong, 15 December 2021

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.