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LANDSEA 朗詩

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 CREDIT AGREEMENT

On 12 May 2022 (United States Eastern Standard Time), the Borrower, an indirect wholly-owned subsidiary of the Company, and the Lender entered into the Credit Agreement, pursuant to which, subject to the terms and conditions of the Credit Agreement, the Lender conditionally agreed to provide the Loan in a principal amount of US\$45,000,000 to the Borrower. Pursuant to the Credit Agreement, among others, if the Facility Termination Date shall have been extended as provided in the Credit Agreement, and the Lender shall have provided written notice to the Borrower, not less than 90 days prior to such Facility Termination Date, of the Lender's election to exercise the Lender Stock Payment Election Right, the Borrower shall repay the outstanding principal of the Loan with LSEA Stock in lieu of immediately available funds on the extended Facility Termination Date, together with accrued interest on such principal, which shall be paid in cash. The number of shares of LSEA Stock required to repay the outstanding principal of the Loan pursuant to the Credit Agreement shall be determined by dividing the outstanding principal of the Loan by US\$9.30, provided that transfer of such number of LSEA Stock would not cause the Borrower's beneficial ownership in LSEA Stock to drop below 50% of the issued and outstanding shares of LSEA Stock.

In the event that the Loan (a) is not repaid on the Facility Termination Date or (b) the Loan shall have been accelerated following the occurrence of an event of default, and the Lender shall have, after the occurrence of the applicable default or event of default, given the Borrower at least 5 business days' prior notice of Lender's decision to purchase the shares at US\$6.00 if such default is not cured or the Loan is not repaid in full, and offered the Borrower the opportunity to pay all of the obligations in cash at par prior to the later of (i) the expiration of such period, and (ii) the date the applicable default matures into an event of default, the Lender may elect by providing written notice to the Borrower to require all or any portion specified by the Lender of the outstanding principal of the Loan be immediately repayable with LSEA Stock, together with the balance of the remaining outstanding principal and all accrued interest be payable in cash. The number of shares of LSEA Stock required to so repay the outstanding principal of the Loan shall be determined by dividing the outstanding principal amount of the Loan by US\$6.00 but in any case shall not exceed the number of Pledged LSEA Stock.

IMPLICATIONS UNDER THE LISTING RULES

As the exercise of the Lender Stock Payment Election Right by the Lender for the LSEA Stock is at the discretion of the Lender, the Lender Stock Payment Election Right will be treated as if they have been exercised pursuant to Rule 14.74 of the Listing Rules. Therefore, 4,838,710 shares of LSEA Stock will be treated as if they have been disposed by the Borrower.

As the highest applicable percentage ratio in respect of the potential disposal of 4,838,710 shares of LSEA Stock contemplated under the Credit Agreement (as calculated under Rule 14.07 of the Listing Rules) exceeds 25% but all other applicable percentage ratios are below 75%, the entering into the Credit Agreement constitutes a major transaction for the Company subject the reporting, announcement and shareholders' approval requirements under 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 Credit 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 Credit 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, 2,011,513,187 Shares, 367,914,894 Shares and 376,017,785 Shares respectively, together representing approximately 58.53% interests of the Company giving the right to attend and vote at general meetings of the Company, for the Credit 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 Credit Agreement and the transactions contemplated thereunder.

GENERAL

A circular containing, among other information, further details of the Credit Agreement and the transactions contemplated thereunder and financial information of Landsea Homes would be required to be despatched to the Shareholders on or before 6 June 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 30 June 2022.

THE CREDIT AGREEMENT

On 12 May 2022 (United States Eastern Standard Time), the Borrower, an indirect wholly-owned subsidiary of the Company, and the Lender entered into the Credit Agreement, pursuant to which the Lender conditionally agreed to provide the Loan in a principal amount of US\$45,000,000 to the Borrower.

Set out below are the principal terms of the Credit Agreement:

Principal amount of the Loan: US\$45,000,000

Application of the Loan: For the general corporate purposes, including working capital

Interest rate: Ten percent (10%) per annum

Conditions precedent: The Lender shall not be required to make the Loan unless each of the following conditions is satisfied:

- (a) The Lender shall have received, among others, Loan Documents executed by the Loan Parties, together with such other instruments and documents as the Lender requests to obtain a perfected, first-priority lien on the collateral.
- (b) The Borrower shall have provided to the Lender the documentation and other information requested in connection with applicable “know your customer” and anti-money-laundering laws.
- (c) The Lender shall have received Form G-3 under Regulation U of the Board of Governors of the Federal Reserve System, properly completed for the Borrower.
- (d) The Lender shall have received such other agreements, documents, opinions, instruments and certificates as the Lender reasonably requires.
- (e) No default or event of default exists or would result therefrom.
- (f) The representations and warranties in the Credit Agreement are true and correct in all material respects.

Facility Termination Date: The 1st anniversary of the date of the Credit Agreement, which may be extended provided that (a) the Borrower requests by written notice to the Lender not earlier than 120 days and not later than 100 days prior to the initial Facility Termination Date for an extension of the Facility Termination Date for an additional twelve months from the initial Facility Termination Date; and (b) the Lender, at its sole and individual discretion, gives written notice not later than 90 days prior to the initial Facility Termination Date to the Borrower that it agrees to such extension.

Repayment:

Principal of the Loan is payable on the Facility Termination Date. If the Facility Termination Date shall have been extended as provided in the Credit Agreement, and the Lender shall have provided written notice to the Borrower, not less than 90 days prior to such Facility Termination Date, of the Lender's election to exercise the Lender Stock Payment Election Right, the Borrower shall repay the outstanding principal of the Loan with LSEA Stock in lieu of immediately available funds on the extended Facility Termination Date, together with accrued interest on such principal, which shall be paid in cash. The number of shares of LSEA Stock required to repay the outstanding principal of the Loan pursuant to the Credit Agreement shall be determined by dividing the outstanding principal of the Loan by US\$9.30, provided that transfer of such number of LSEA Stock would not cause the Borrower's beneficial ownership in LSEA Stock to drop below 50% of the issued and outstanding shares of LSEA Stock.

In the event that the Loan (a) is not repaid on the Facility Termination Date or (b) the Loan shall have been accelerated following the occurrence of an event of default, and the Lender shall have, after the occurrence of the applicable default or event of default, given the Borrower at least 5 business days' prior notice of Lender's decision to purchase the shares at US\$6.00 if such default is not cured or the Loan is not repaid in full, and offered the Borrower the opportunity to pay all of the obligations in cash at par prior to the later of (i) the expiration of such period, and (ii) the date the applicable default matures into an event of default, the Lender may elect by providing written notice to the Borrower to require all or any portion specified by the Lender of the outstanding principal of the Loan be immediately repayable with LSEA Stock, together with the balance of the remaining outstanding principal and all accrued interest be payable in cash. The number of shares of LSEA Stock required to so repay the outstanding principal of the Loan shall be determined by dividing the outstanding principal amount of the Loan by US\$6.00 but in any case shall not exceed the number of Pledged LSEA Stock.

Security:

The Borrower shall pledge the Pledged LSEA Stock as security for the Loan.

Guarantee:

Each of Landsea Group and Landsea International shall guarantee the full and punctual payment by the Borrower under the Credit Agreement.

Potential disposal of LSEA Stock

In the event that the Lender Stock Payment Election Right is exercised, the number of shares of LSEA Stock required to repay the outstanding principal of the Loan pursuant to the Credit Agreement shall be determined by dividing the outstanding principal of the Loan by US\$9.30, provided that transfer of such number of LSEA Stock would not cause the Borrower's beneficial ownership in LSEA Stock to drop below 50% of the issued and outstanding shares of LSEA Stock. Assuming that the outstanding principal of the Loan is US\$45,000,000, the maximum number of shares of LSEA Stock which may be transferred will be 4,838,710 shares, which represent 10.7% of the issued and outstanding shares of LSEA Stock as at the date of this announcement.

The settlement price of US\$9.30 per share of LSEA Stock represents:

- (a) a premium of approximately 21% over the closing price of US\$7.67 per share of LSEA Stock as quoted on NASDAQ immediately preceding the date of the Credit Agreement; and
- (b) a premium of approximately 14% over the closing price of US\$8.14 per share of LSEA Stock as quoted on NASDAQ for the five (5) consecutive trading days immediately preceding the date of the Credit Agreement.

The settlement price of US\$9.30 per share of LSEA Stock under the Lender Stock Payment Election Right was determined with reference to the prevailing market price of LSEA Stock and the terms and conditions of the Credit Agreement and was negotiated on an arm's length basis between the Borrower and the Lender.

INFORMATION ON THE PARTIES

The Borrower

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

Landsea Homes

Landsea Homes is a non-wholly owned subsidiary of the Company. It is incorporated under the laws of 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. As at the date of this announcement, Landsea Homes is owned as to approximately 72.62% by the Company.

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 2021 are as follows:

	For the year ended 31 December 2020 (US\$)	For the year ended 31 December 2021 (US\$)
(Loss)/Profit before taxation	(12,165,000)	66,730,000
(Loss)/Profit after taxation	(9,084,000)	52,735,000

As at 31 December 2021, the audited consolidated net assets of Landsea Homes was US\$621,397,000.

The Company

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

The Lender

The Lender is a company incorporated in British Columbia in Canada, and is principally engaged in investment. The Lender is owned by Mr. Huaijun Chen, a PRC citizen. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Lender and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Landsea Group

Landsea Group is established under the laws of the PRC, and is principally engaged in property development. Landsea Group is owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian Ming, an executive Director, and as to 15.85% by Mr. Tian Ming. Mr. Tian Ming is regarded as the controlling shareholder of Landsea Group. As at the date of this announcement, Landsea Group, being a controlling Shareholder, held 2,379,428,081 Shares through Landsea International, representing approximately 50.39% of the issued share capital of the Company.

Landsea International

Landsea International is incorporated in Hong Kong, and is principally engaged in investment holding. It is directly wholly-owned by Landsea Group. As at the date of this announcement, Landsea International, being a controlling Shareholder, held 367,914,894 Shares directly and 2,011,513,187 Shares through Greensheid, representing approximately 50.39% of the issued share capital of the Company.

REASONS FOR AND BENEFITS OF THE LOAN AND INTENDED USE OF THE LOAN

The Group is principally engaged in development and sales of properties in the PRC and USA. The Loan will be primarily used as general corporate purposes.

The Directors consider that the Loan with the Lender Stock Payment Election Right represents an opportunity to improve the liquidity position of the Company and to raise funding for the Group's working capital. In light of the foregoing, the Directors consider that the Credit Agreement and the transactions contemplated thereunder (including the possible disposal of interest in Landsea Homes in the event where the Lender Stock Payment Election Right is exercised by the Lender) are entered into upon normal commercial terms following arm's length negotiations between the parties, and that the underlying terms are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE POTENTIAL DISPOSAL

As at the date of this announcement, Landsea Homes was owned as to approximately 72.62% by the Borrower and was a subsidiary of the Company. Given that the potential transfer of LSEA Stock to the Lender under the potential disposal would not cause the Borrower's beneficial ownership in LSEA Stock to drop below 50% of the issued and outstanding shares of LSEA Stock, Landsea Homes will continue to be an indirect non-wholly owned subsidiary of the Company and its financial results will continue to be consolidated into those of the Group upon completion of the potential disposal.

The decrease in the Company's shareholding in Landsea Homes will not result in the Company ceasing to control Landsea Homes, and it is expected that the Company will not record any gain or loss in the consolidated statement of profit or loss from the potential disposal under Hong Kong Financial Reporting Standards.

IMPLICATIONS UNDER THE LISTING RULES

As the exercise of the Lender Stock Payment Election Right by the Lender for the LSEA Stock is at the discretion of the Lender, the Lender Stock Payment Election Right will be treated as if they have been exercised pursuant to Rule 14.74 of the Listing Rules. Therefore, 4,838,710 shares of LSEA Stock will be treated as if they have been disposed of by the Borrower.

As the highest applicable percentage ratio in respect of the potential disposal of 4,838,710 shares of LSEA Stock contemplated under the Credit Agreement (as calculated under Rule 14.07 of the Listing Rules) exceeds 25% but all other applicable percentage ratios are below 75%, the entering into the Credit Agreement constitutes a major transaction for the Company subject the reporting, announcement and shareholders' approval requirements under 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 Credit 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 Credit 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, 2,011,513,187 Shares, 367,914,894 Shares and 376,017,785 Shares respectively, together representing approximately 58.53% interests of the Company giving the right to attend and vote at general meetings of the Company, for the Credit 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 Credit Agreement and the transactions contemplated thereunder.

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A circular containing, among other information, further details of the Credit Agreement and the transactions contemplated thereunder and financial information of Landsea Homes would be required to be despatched to the Shareholders on or before 6 June 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 30 June 2022.

DEFINITIONS

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

“Board”	board of Directors
“Borrower”	Landsea Holdings Corporation, a company incorporated under laws of the State of Delaware in the USA 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)
“connected persons(s)”	has the meanings as defined in the Listing Rules
“Credit Agreement”	a credit agreement dated 12 May 2022 entered into between the Borrower and the Lender, pursuant to which the Lender agreed to provide the Loan in a principal amount of US\$45,000,000 to the Borrower
“Deeds of Guarantee”	the guarantees entered into by the Guarantors with or in favor of the Lender in connection with the Credit Agreement
“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
“Facility Termination Date”	the first anniversary of the date of the Credit Agreement, subject to extension as described in the paragraph headed “The Credit Agreement — Facility Termination Date”
“Greensheid”	Greensheid Corporation, a wholly-owned subsidiary of Landsea International as at the date of this announcement
“Group”	the Company and its subsidiaries
“Guarantors”	collectively, Landsea Group and Landsea International
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Landsea Group”	朗詩集團股份有限公司 (Landsea Group Co., Ltd), a limited liability company established under the laws of the PRC, a controlling Shareholder and is owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian Ming, and as to 15.85% by Mr. Tian Ming as at the date of this announcement
“Landsea Homes”	Landsea Homes Corporation, a company incorporated under the laws of 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 and wholly-owned by Landsea Group as at the date of this announcement
“Lender”	1103849 B.C. LTD., a company incorporated under the laws of British Columbia in Canada
“Lender Stock Payment Election Right”	the right of the Lender to elect that the Borrower repay the principal of the Loan with LSEA Stock rather than immediately available funds if the Facility Termination Date shall have been extended in accordance with the terms of the Credit Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of US\$45,000,000 to be advanced by the Lender to the Borrower under and pursuant to the Credit Agreement

“Loan Documents”	collectively, the Credit Agreement, the Pledge Agreement, the Deeds of Guarantee, any notes, and any other document or agreement now or in the future executed by any Loan Party for the benefit of the Lender in connection with the Credit Agreement
“Loan Parties”	collectively, the Borrower and the Guarantors
“LSEA Stock”	the common shares of Landsea Homes
“NASDAQ”	National Association of Securities Dealers Automated Quotations capital market
“Pledge Agreement”	a pledge and security agreement dated 12 May 2022 entered into between the Borrower and the Lender, pursuant to which the Borrower agreed to pledge the Pledged LSEA Stock as security for the Loan
“Pledged LSEA Stock”	4,838,710 shares of LSEA Stock
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USA”	the United States of America
“US\$”	United States dollar, the lawful currency of USA
“%”	Per cent.

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

Hong Kong, 13 May 2022

As at the date of this announcement, the executive Directors of the Company are Mr. Tian Ming and Mr. Huang Zheng, the non-executive Directors of the Company are Mr. Xu Liang 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.