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朗诗绿色管理

LANDSEA GREEN MANAGEMENT

LANDSEA GREEN MANAGEMENT LIMITED

朗詩綠色管理有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

**VERY SUBSTANTIAL ACQUISITION
AND
RESUMPTION OF TRADING**

THE ACQUISITION

On 8 January 2024 (New York time), Landsea Homes, a non-wholly owned subsidiary of the Company, the Sellers and the Target Company entered into the Agreement, pursuant to which Landsea Homes 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 Landsea Homes and its results will be consolidated in the results of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

SGM

A SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition.

The voting in respect of the Acquisition at the SGM will be conducted by way of poll. 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 Acquisition. As such, no Shareholder is required to abstain from voting on the relevant resolution(s) to approve the Acquisition at the SGM.

DESPATCH OF CIRCULAR

A circular containing further details of the Acquisition is expected to be despatched to the Shareholders on or before 30 April 2024, which is more than 15 business days after the publication of this announcement, as the Company will require more time to prepare the relevant information for inclusion 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 for the delay in despatch of the circular to the Shareholders.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 29 January 2024 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Friday, 2 February 2024.

THE ACQUISITION

On 8 January 2024 (New York time), Landsea Homes, a non-wholly owned subsidiary of the Company, the Sellers and the Target Company entered into the Agreement, pursuant to which the Landsea Homes conditionally agreed to purchase, and the Sellers conditionally agreed to sell, the Interests.

The principal terms of the Agreement are set out below:

Subject matter

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

Consideration and basis of determination

The Base Purchase Price for the Acquisition is US\$185,000,000.

The consideration 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 Earnings Before Interest Depreciation and Amortization (EBITDA) of the Target Company as at 31 December 2023 (i.e. approximately US\$23 million), representing a price-to-earnings ratio of approximately 7.12 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 2022. The price-to-earnings multiples of comparable companies in the market range from approximately 5.7 times to approximately 13.1 times, with a median of approximately 7.8 times.

Deposits

Prior to the execution of the Agreement:

- (i) Landsea Homes deposited with an escrow agent the Prior Escrow Deposit, which had been released to the Sellers; and
- (ii) Landsea Homes further deposited in the Purchase Price Escrow Account the Existing Escrow Deposit. The Existing Escrow Deposit, which is a security for the extension of the Agreement, was paid as an addition to, and not as part of, the Closing Date Purchase Price, and the Existing Escrow Deposit will not reduce the amount of the Closing Date Purchase Price payable to Sellers.

Following the execution of the Agreement, Landsea Homes had deposited in the Purchase Price Escrow Account the Purchase Price Deposit. Landsea Homes, the Target Company and the Sellers shall cause the escrow agent to distribute the Purchase Price Deposit (i) if the Closing occurs, to the Sellers at the Closing, or (ii) in the event of a Qualifying Termination, to the Target Company by wire transfer of immediately available funds, in such account or accounts designated by the Target Company, provided that (A) if Landsea Homes delivers a deposit dispute notice within the deposit dispute window and the Sellers are determined to be the prevailing party, within three (3) business days of such determination, or (B) if Landsea Homes does not deliver a deposit dispute notice within the deposit dispute window, within three (3) business days of the end of the deposit dispute window.

Payment at Closing

On the Closing Date:

- (i) Landsea Homes will pay, or cause to be paid, to each Seller such Seller's pro rata portion of the Estimated Closing Date Purchase Price (less the sum of the Prior Escrow Deposit and the Purchase Price Deposit) in cash; and
- (ii) Landsea Homes, the Target Company and the Sellers will cause the escrow agent to distribute to each Seller such Seller's pro rata portion of the Purchase Price Deposit held in the Purchase Price Escrow Account.

Purchase Price Adjustment

As promptly as practicable, but no later than ninety (90) days after the Closing Date, Landsea Homes will cause to be prepared and delivered to Sellers a written statement (the "**Closing Statement**") setting forth (i) the Closing Total Shareholders' Equity, (ii) the Closing Transaction Expenses, and (iii) Landsea Homes' good faith estimate of the Closing Date Purchase Price.

If a majority (by number) of Sellers jointly disagree with the calculations set forth in the Closing Statement delivered by Landsea Homes, Landsea Homes and Sellers will use commercially reasonable efforts to reach agreement on the disputed items. If the parties are unable to reach agreement on all of the disputed items, they will jointly engage and submit the unresolved disputed items to an independent accounting firm for resolution.

If the Closing Date Purchase Price (as finally agreed upon or determined pursuant to the Agreement) is less than the Estimated Closing Date Purchase Price, the Sellers will pay the difference to Landsea Homes and if the Closing Date Purchase Price (as finally agreed upon or determined pursuant to the Agreement) is more than the Estimated Closing Date Purchase Price, Landsea Homes will pay the difference to the Sellers.

The purchase price is expected to be funded by the internal resources of Landsea Homes.

Closing conditions

Closing shall be subject to the satisfaction at or prior to the Closing Date of, inter alia, the following conditions:

A. Conditions which may be waived, in writing, jointly by Sellers and Landsea Homes

- (i) all governmental authorizations that are required to be filed or obtained prior to the Closing Date shall have been filed or obtained;
- (ii) no judgment shall have been entered in any proceeding before any court or other governmental authority having jurisdiction over any party, and no preliminary or permanent injunction by any court or other governmental authority shall have been issued, which would have the effect of (a) making the Acquisition illegal or (b) otherwise preventing the consummation of the Acquisition;
- (iii) Landsea Homes must have obtained and bound the representation and warranty insurance policy;
- (iv) Landsea Homes shall have entered into (i) an exclusive title services agreement with MC Title, LLC, and (ii) an exclusive marketing services agreement with MC Mortgage 2, LLC/S3 Mortgage;
- (v) the Target Company and the Sellers shall have entered into an amended and restated lease arrangement with respect to the model homes used by the Target Company and the business as of the Closing;
- (vi) the Target Company and the Sellers shall have entered into a commercial lease agreement for certain office and the Target Company and the Sellers shall cause their respective affiliated entities to enter into a sublease agreement;
- (vii) the Target Company and the excluded businesses shall have entered into a reciprocal indemnification agreement;
- (viii) all Target Company-level indebtedness shall be repaid in full by Landsea Homes;

B. Conditions which may be waived, in writing, exclusively by the Sellers

- (i) each of the representations of Landsea Homes 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 (except to the extent such representations and warranties address matters as of particular dates, in which case, such representations and warranties shall be true and correct in all respects on and as of such dates);

- (ii) Landsea Homes shall have performed and complied with all of its covenants under the Agreement in all material respects through Closing;
- (iii) the receipt by Sellers of a certificate, dated the Closing Date, signed by the appropriate representative(s) of Landsea Homes, confirming that each of the conditions (i) and (ii) above are satisfied in all respects;

C. Conditions which may be waived, in writing, exclusively by Landsea Homes

- (i) each of the representations of the Target Company and 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 (except to the extent such representations and warranties address matters as of particular dates, in which case, such representations and warranties shall be true and correct in all respects on and as of such dates);
- (ii) Sellers and the Target Company shall have performed and complied with all of their respective covenants under the Agreement in all material respects through the Closing;
- (iii) Since the date of the Agreement, there shall not have been a material adverse effect on the Target Company;
- (iv) the receipt by Landsea Homes of a certificate, dated the Closing Date, signed by the appropriate representative(s) of Sellers and the chief executive officer of the Target Company, confirming that each of the conditions specified in (i) to (iii) above are satisfied in all respects;
- (v) all payoff letters and releases relating to the indebtedness will have been obtained by the Target Company which shall be compliant with the terms the Agreement and delivered to Landsea Homes in form and substance satisfactory to Landsea Homes;
- (vi) all consents set forth in the Target Company disclosure schedule to the Agreement will have been obtained by the Target Company and delivered to Landsea Homes in form and substance reasonably satisfactory to Landsea Homes;
- (vii) Sellers shall have delivered to Landsea Homes, a true and accurate list and description in all material respects of (i) all owned real property and controlled real property in the form attached to the Agreement and (ii) all legacy homes as of the prior month end date in the form of the Target Company disclosure schedule to the Agreement;
- (viii) the receipt by Landsea Homes of a certificate executed by the manager of the Company in the form agreed;
- (ix) Sellers shall have delivered to Landsea Homes at the Closing the Interests purchased by Landsea Homes, free and clear of all liens and other restrictions on transfer other than permitted liens;
- (x) Sellers shall have delivered to Landsea Homes at the Closing the estimated closing statement in accordance with the terms of the Agreement;

- (xi) the receipt by Landsea Homes of duly executed letters of resignation of each officer, manager and director of the Target Company as requested by Landsea Homes in writing;
- (xii) the delivery by Sellers of the good standing certificates (or equivalent document) for the Target Company; and
- (xiii) each Seller shall deliver to Landsea Homes a certificate stating that such Seller is not a “foreign person” within the meaning of the Internal Revenue Code of 1986.

Closing

Closing will take place on the Closing Date.

Upon Closing, the Target Company will become a wholly-owned subsidiary of Landsea Homes and its results will be consolidated in the results of the Company.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in development and sales of properties in the PRC and the United States, provision of project development and management services and office property investment.

The Acquisition enables the Company to strategically expand its brand into in the Dallas/Fort Worth area, and strengthen its market share in affordable, quality 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.

INFORMATION ON THE PARTIES

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 54.17% by the Company.

Sellers

Each of Tommy McAden and Lisa McAden is an individual.

McAden Enterprises, Inc. is a company incorporated under laws of the State of Texas in the USA and is principally engaged in holding various entities to support the home building operations of Antares Homes which is a family-owned home builder with new homes throughout the Dallas-Fort Worth area, including land banking, mortgage and title services. As at the date of this announcement, McAden Enterprises, Inc. is owned as to 50% by Tommy McAden and 50% by Lisa McAden.

As at the date of this announcement, each of Tommy McAden, Lisa McAden and McAden Enterprises, Inc. held 49.5%, 49.5% and 1% of the entire membership interests in the Target Company, respectively. To the best of the information, knowledge and belief of the Directors, having made all reasonable enquiry, each of Tommy McAden, Lisa McAden and McAden Enterprises, Inc. and its ultimate beneficial owners is a third party independent of the Company and connected persons of the Company,

Target Company

The Target Company is a limited liability company incorporated in the State of Texas of the USA. The Target Company is a privately-owned builder in the Dallas/Fort Worth area and focused on spec strategy, targeting entry-level and move up product.

The net assets and total assets value of the Target Company as extracted from its consolidated unaudited financial statements as at 30 September 2023 prepared in accordance with the US GAAP were approximately US\$43.3 million and US\$95.9 million respectively.

The financial results of the Target Company as extracted from the consolidated audited financial statements for the two financial years ended 31 December 2022 are as follows:

	For the year ended 31 December 2021 (US\$)	For the year ended 31 December 2022 (US\$)
Profit before taxation	12,173,191	27,397,595
Profit after taxation	12,000,386	27,212,634

IMPLICATIONS UNDER THE LISTING RULES

As the highest of the applicable percentage ratios in respect of the Acquisition exceeds 100%, the Acquisition constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Acquisition is a transaction undertaken by Landsea Homes in its ordinary course of business. Landsea Homes is a NASDAQ listed company and is managed by a management team independent of the management of the Company. Landsea Homes is a subsidiary of the Company and is therefore required to comply with the Listing Rules. Due to a recent change of personnel responsible for compliance matters of Landsea Homes, Landsea Homes has not promptly informed the Company before the execution of the Agreement. As soon as the Company became aware of the Acquisition, the Company applied for a trading halt and caused this announcement to be issued. The Company will strengthen the training to the relevant personnel at Landsea Homes and ensure that they will be fully aware of the compliance requirement under the Listing Rules.

SGM

An SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Acquisition.

The voting in respect of the Acquisition at the SGM will be conducted by way of poll. 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 Acquisition. As such, no Shareholder is required to abstain from voting on the relevant resolution(s) to approve the Acquisition at the SGM.

DESPATCH OF CIRCULAR

A circular containing further details of the Acquisition is expected to be despatched to the Shareholders on or before 30 April 2024, which is more than 15 business days after the publication of this announcement, as the Company will require more time to prepare the relevant information for inclusion 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 for the delay in despatch of the circular to the Shareholders.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 29 January 2024 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Friday, 2 February 2024.

DEFINITIONS

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

“Acquisition”	the acquisition of the Interests by Landsea Homes from the Sellers under the Agreement
“Agreement”	the membership interest purchase agreement dated 8 January 2024 (New York Time) entered into by and among Landsea Homes, the Sellers and the Target Company
“Base Purchase Price”	US\$185,000,000
“Board”	board of Directors
“Closing”	closing of the Acquisition under the Agreement

“Closing Date”	the date of Closing, being a date to be specified by the parties to the Agreement, which (i) shall be no earlier than 8 January 2024 and (ii) shall be no later than the third (3rd) business day following the later of 3 January, 2024 and the satisfaction or waiver of all conditions to the obligations of the parties set forth in the Agreement (other than conditions with respect to actions the respective parties will take at the Closing itself, but subject to the satisfaction or waiver of those conditions), or at such other place, time and date as may be agreed to in writing by Landsea Homes and Sellers
“Closing Date Purchase Price”	an amount equal to the Base Purchase Price plus the Closing Total Shareholders’ Equity minus the Total Shareholders’ Equity Target and minus the Closing Transaction Expenses
“Closing Total Shareholders’ Equity”	Landsea Homes’ calculation of the Total Shareholders’ Equity of the Target Company as of the Closing
“Closing Transaction Expenses”	Landsea Homes’ good-faith calculations of each component of the transaction expenses of the Target Company as of the Closing Date
“Company”	Landsea Green Management Limited, 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)
“Directors”	directors of the Company
“Estimated Closing Date Purchase Price”	an amount equal to the Base Purchase Price plus the Estimated Closing Total Shareholders’ Equity minus the Total Shareholders’ Equity Target and minus the Estimated Closing Transaction Expenses
“Estimated Closing Total Shareholders’ Equity”	Sellers’ estimate of the Total Shareholders’ Equity of the Target Company as of the close of business on the date immediately prior to the Closing Date
“Estimated Closing Transaction Expenses”	the Sellers’ good-faith estimate of each component of the transaction expenses of the Target Company as of the Closing Date
“Existing Escrow Deposit”	US\$300,000, a non-refundable deposit deposited by Landsea Homes to the escrow agent
“Group”	the Company and its subsidiaries
“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 laws of the State of Delaware in the USA and the common stock of which are listed on NASDAQ (stock code: LSEA), and 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
“PRC”	the People’s Republic of China
“Prior Escrow Deposit”	US\$500,000, a non-refundable deposit which was deposited by Landsea Homes with the escrow agent and was released to the Sellers before the date of the Agreement
“Purchase Price Deposit”	US\$5,000,000 (such amount, together with any and all interest thereafter earned thereon), a deposit transferred by Landsea Homes within one (1) business day of the execution of the Agreement to the Purchase Price Escrow Account
“Purchase Price Escrow Account”	the account held by an escrow agent jointly appointed by Landsea Homes and the Sellers
“Qualifying Termination”	any termination of the Agreement other than a termination by Landsea Homes due to a material breach of the Agreement by the Target Company or the Sellers
“Sellers”	collectively, Tommy McAden, Lisa McAden and McAden Enterprises, Inc., a company incorporated under laws of the State of Texas in the USA
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, amongst other things, the Acquisition
“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
“Target Company”	Antares Acquisition, LLC, a limited liability company incorporated in the State of Texas of the USA

“Total Shareholders’ Equity”	as of the applicable time, the total of members’ equity of the Target Company (and each component thereof) plus the balance of the due to members account based on the balance sheet of the Target Company, prepared in good faith, in accordance with US GAAP
“Total Shareholders’ Equity Target”	US\$48,000,000
“US GAAP”	generally accepted accounting principles in the USA
“US\$”	United States dollar, the lawful currency of USA
“USA”	the United States of America
“%”	per cent.

By order of the Board
Landsea Green Management Limited
Gao Yuan
Company Secretary

Hong Kong, 1 February 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Tian Ming and Mr. Huang Zheng, one non-executive Director, namely Ms. Gu Jing, and three independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng.