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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)

**POSSIBLE VERY SUBSTANTIAL DISPOSAL
POSSIBLE DISPOSAL OF LISTED SECURITIES
IN LANDSEA HOMES CORPORATION**

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

THE POSSIBLE DISPOSAL

The Company proposes to dispose of up to 4,800,000 shares of LSEA Stock, representing approximately 13.17% of the issued and outstanding shares of LSEA Stock as at the date of this announcement, during the Relevant Period.

Upon completion of the Possible Disposal, Landsea Homes may cease to be a subsidiary of the Company and the financial results of Landsea Homes Group may cease to be consolidated in the results of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Assuming that all the 4,800,000 shares of LSEA Stock held by the Group will have been disposed of within the Relevant Period at the Minimum Selling Price, the highest applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Possible Disposal will exceed 75%, the Possible Disposal will constitute a very substantial disposal of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

The Company will seek the approval of the Shareholders at the SGM for the mandate of the Possible Disposal.

A circular containing, inter alia, (i) further information regarding the Possible Disposal; (ii) other information required under the Listing Rules; and (iii) a notice convening the SGM, will be despatched to the Shareholders on or before 9 February 2024 in order to allow sufficient time for the preparation of the relevant information to be included in the circular.

Whether and when the Company will proceed with the Possible Disposal or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Disposals. There is no assurance that the Company will proceed with the Possible Disposal. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE POSSIBLE DISPOSAL

The principal terms of the Possible Disposal are as follows:

Maximum number of shares of LSEA Stock to be disposed

The Company proposes to sell up to 4,800,000 shares of LSEA Stock held by the Group, representing approximately 13.17% of the total issued and outstanding shares of LSEA Stock as at the date of this announcement.

Relevant Period

The Company proposes to complete the Possible Disposal during the period of 6 months from the date on which the Possible Disposal is approved at the SGM.

Manner of Disposal(s)

The Possible Disposal may be conducted (i) in the open market on NASDAQ to independent third parties through the trading system of NASDAQ; (ii) through underwritten offering or placing by investment banks to independent third parties; and/or (iii) in the off-market through block trades by entering into placing agreements with placing agents, to dispose of the shares of LSEA Stock to third party purchaser(s), who and whose ultimate beneficial owner(s) are independent third parties. As at the date of this announcement, no potential purchaser for the shares of LSEA Stock has been identified.

The selling price of the shares of LSEA Stock shall be determined with reference to the then market price(s) of shares of LSEA Stock at the relevant material time, provided that:

- (i) each Disposal through underwritten offering or placing by investment banks to independent third parties or in the off market shall be at market price of no more than 20% discount to the average of the closing price as quoted on NASDAQ for the five (5) consecutive trading days immediately before the date of each Disposal during the Relevant Period; and
- (ii) the minimum selling price of each Disposal shall be no less than the Minimum Selling Price, being US\$9.35 per share of LSEA Stock.

The maximum 20% discount to the average of the closing price of shares of LSEA Stock for the five (5) consecutive trading days immediately prior to the date of the relevant Disposal represents the range of discounts to the referenced closing price which the Company may consider for the Possible Disposal, having regard to the then prevailing share price performance of shares of LSEA Stock and market sentiment. Whilst the Company will exercise its endeavours to dispose of the shares of LSEA Stock at the best available price to the Company, the proposed discount to the average of the closing price of shares of LSEA Stock would allow the Company to have flexibility to dispose of the shares of LSEA Stock within a reasonable price range in the event that the market sentiment is not favourable. In any event, the selling price of each Disposal shall be no less than the Minimum Selling Price.

The Minimum Selling Price was determined with reference to the net asset value per share of LSEA Stock of approximately US\$17 as at 30 November 2023 and the average closing price of US\$12.77 per share of LSEA Stock for the five consecutive trading days preceding the date of this announcement.

Based on the closing price of shares of LSEA Stock in the past one year immediately before the date of this announcement, the highest closing price was US\$13.505 per share and the lowest closing price was US\$5.83 per share and the average closing price was approximately US\$8.87 per share. The highest daily trading volume of shares of LSEA Stock was 2,682,676 shares of LSEA Stock while the lowest daily trading volume of shares of LSEA Stock was 6,280 shares of LSEA Stock and the average trading volume for the past one year of shares of LSEA Stock was approximately 156,950 shares of LSEA Stock. The maximum number of 4,800,000 shares of LSEA Stock to be disposed under the Possible Disposal represents approximately 31 times of the average daily trading volume of shares of LSEA Stock. In order to make the shares of LSEA Stock held by the Group to be more attractive in block trade, the Directors consider that it is fair and reasonable for the Company to offer certain percentage of discount to the market price. Using the average of the five days closing price of shares of LSEA Stock of approximately US\$12.77 per share of LSEA Stock immediately before the date of this announcement, if the shares of LSEA Stock are sold at 20% discount to the average of the five days closing price of shares of LSEA Stock, the proposed selling price is approximately US\$10.22. In any event, the selling price of each Disposal shall be no less than the Minimum Selling Price. Hence, the Directors consider the proposed discount of 20% to the 5-day average closing price immediately before the date of each Disposal is fair and reasonable.

The Company further considers that the Minimum Selling Price will allow flexibility for the Directors to sell the shares of LSEA Stock at a higher price when the market conditions are favourable and at the same time reflect the lowest acceptable price to dispose of the shares of LSEA Stock, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

The proposed discount of 20% to the 5-day average closing price of shares of LSEA Stock will allow flexibility of the Group in disposing of the shares of LSEA Stock promptly and the Minimum Selling Price, which is at a discount of approximately 45.0% to the net asset value per share of LSEA Stock, will safeguard the interests of the Company that the shares of LSEA Stock would not be disposed at a significant discount. Whilst the Company will exercise its endeavours to dispose of the shares of LSEA Stock at the best available price to

the Company, it is necessary for the Possible Disposal to maintain flexibility. For instance, in the event that the market sentiment and the global economy are not favourable, there would be circumstances that the Company may have to dispose the shares of LSEA Stock at a discount to the previous market price. The 20% discount range has taken into consideration of market fluctuations and each Disposal shall be subject to approval by at least one of the executive Directors of the Company to ensure that each Disposal would be at the best available price (which shall be no less than the Minimum Selling Price) to the Company as at the time of relevant Disposal. As such, the Company considers that the terms of the Possible Disposal are fair and reasonable.

Compliance

The Possible Disposal shall comply with relevant applicable laws and regulations, including any applicable trading regulations in New York. The Group will also report on the progress of the Possible Disposal in the relevant interim report as well as the annual report of the Company in compliance with the Listing Rules.

The Minimum Selling Price

The Minimum Selling Price of US\$9.35 per share of LSEA Stock represents:

- (a) a discount of approximately 25.4% to the closing price of US\$12.54 per share of LSEA Stock as quoted on NASDAQ immediately preceding the Last Trading Day;
- (b) a discount of approximately 26.8% to the closing price of US\$12.77 per share of LSEA Stock as quoted on NASDAQ for the five (5) consecutive trading days immediately preceding the Last Trading Day; and
- (c) a discount of approximately 45.0% to the net asset value of US\$17 per share of LSEA Stock as at 30 November 2023.

The Minimum Selling Price was determined with reference to (i) the net asset value per share of LSEA Stock as at 30 November 2023; (ii) the market performance of shares of LSEA Stock as quoted on NASDAQ for the past twelve months which ranged from US\$5.83 to US\$13.505 per share; and (iii) the prevailing market conditions and the uncertainty of global economy. The Directors consider that the Minimum Selling Price will allow flexibility for the Company to accommodate fluctuation in the market conditions in effecting the Possible Disposal and at the same time reflect the lowest acceptable price to the Company to dispose of the shares of LSEA Stock, and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

INFORMATION ON LANDSEA HOMES

Landsea Homes is a non-wholly owned subsidiary of the Company. It was incorporated under the laws of the State of Delaware in the USA and the common stock of which are listed on NASDAQ. Landsea Homes is principally engaged in real estate development. As at the date of this announcement, Landsea Homes is owned as to approximately 54.18% by LHC.

Pursuant to annual report of Landsea Homes issued pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended 31 December 2022, the audited consolidated financial results of Landsea Homes for the two financial years ended 31 December 2022 prepared in accordance with US GAAP are as follows:

	For the year ended 31 December 2021 (US\$)	For the year ended 31 December 2022 (US\$)
Profit before taxation	66,730,000	101,065,000
Profit after taxation	52,735,000	75,665,000

As at 31 December 2022, the audited consolidated net assets of Landsea Homes was US\$710,319,000.

INFORMATION ON LHC AND THE COMPANY

The Company is an investment holding company. The Group is principally engaged in development and sales of properties in the PRC and the USA, provision of project development and management services.

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

REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL

Having regard to the current market conditions, the Board considers that the Possible Disposal will provide the Group with an opportunity to realise its investment in Landsea Homes and will enhance the overall liquidity of the Group. In light of the uncertainty in the future global economy, also having considered the funding needs of the Group, the Company considers that the Possible Disposal represents an opportunity to realise its investments and to allow the Group to reallocate its resources.

Given the volatility of the stock market, disposing of shares at the best possible prices requires prompt disposal actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each Disposal. To allow flexibility in effecting future Disposals at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Company proposes to seek approval from the Shareholders at the SGM for the Possible Disposal.

Each Disposal will be made with reference to the market prices on open market. The Board is of the view that the Possible Disposal is on normal commercial terms, and that the terms are fair, reasonable and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE POSSIBLE DISPOSAL AND USE OF PROCEEDS

As at the date of this announcement, Landsea Homes was owned as to approximately 54.18% by LHC and was a subsidiary of the Company. Upon completion of the Possible Disposal, Landsea Homes may cease to be a subsidiary of the Company and the financial results of Landsea Homes Group may cease to be consolidated in the results of the Company.

According to Rule IM-5615-(4c) of the NASDAQ rules, a “controlled company” means “a company of which more than 50% of the voting power for the election of directors is held by an individual, a group or another company.” Upon completion of the Possible Disposal, the Group will own less than 50% of the voting power in Landsea Homes. If Landsea Homes is no longer a controlled company, according to NASDAQ rules, within one year of the completion of the Possible Disposal, it will be required to have (i) a majority independent board, and (ii) fully independent committees, including Audit Committee, Compensation Committee and Nominating Committee. Currently, Landsea Homes has a majority independent board and a fully independent Audit Committee, whilst it does not have fully independent Compensation Committee and Nominating Committee, the composition of which shall be changed within one year of the completion of the Possible Disposal in order to comply with the NASDAQ rules. The auditor of the Company agrees with the Company that Landsea Homes will cease to be a subsidiary of the Company upon completion of the Possible Disposal in full as the Group will cease to have 50% or more of the voting right in Landsea Homes and will not be able to have control of the board of Landsea Homes upon compliance with the NASDAQ rules.

The Possible Disposal will have an impact on the net income attributable to the shareholders which is calculated on the basis of the difference between (i) the book value of all 19,740,729 shares of LSEA Stock, representing approximately 54.18% of the issued and outstanding shares of LSEA Stock as at the date of this announcement, owned by the Group; and (ii) the consideration received from the disposal of 4,800,000 shares of LSEA Stock at the actual selling price together with the hypothetical gain on the remaining 14,940,729 shares of LSEA Stock owned by the Group based on the then market price per share of LSEA Stock.

For illustrating the financial impact of the Possible Disposal, on the assumption that all the 4,800,000 shares of LSEA Stock would have been disposed of at the Minimum Selling Price, the Group is expected to recognise a loss of approximately US\$103,355,651 which is calculated on the basis of the difference between (i) the book value of 19,740,729 shares of LSEA Stock owned by the Group, being 54.18% of the issued and outstanding shares of LSEA Stock, as at the date of this announcement, and (ii) the consideration of US\$44,880,000 received from the Possible Disposal together with US\$187,356,742, being the current market value of the remaining 41.01% of the issued and outstanding shares of LSEA Stock owned by the Group. There will be no effect on the liabilities of the Group for the year ended 31 December 2022. The actual revaluation gain/loss of the Group as a result of the Possible Disposal will be depended on the actual Disposal price per share of LSEA Stock and the then market price and will be subject to final audit by the auditors of the Company. The Group will exercise its endeavours to achieve best available terms but the Disposal price shall be subject to market fluctuations and economic environment. The Company will exercise its endeavour to achieve the best available price to the Company at the time of execution of each Disposal.

The Company will use the proceeds from the Possible Disposal for repayment of loans and the remaining will be used for general working capital.

IMPLICATIONS UNDER THE LISTING RULES

Assuming that all the 4,800,000 shares of LSEA Stock held by the Group will have been disposed of within the Relevant Period at the Minimum Selling Price, the highest applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Possible Disposal will exceed 75%, the Possible Disposal will constitute a very substantial disposal of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will seek the approval of the Shareholders at the SGM for the mandate of the Possible Disposal. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Possible Disposal. Accordingly, it is expected that no Shareholder is required to abstain from voting at the SGM.

GENERAL

A circular containing, inter alia, (i) further information regarding the Possible Disposal; (ii) other information required under the Listing Rules; and (iii) a notice convening the SGM, will be despatched to the Shareholders on or before 9 February 2024 in order to allow sufficient time for the preparation of the relevant information to be included in the circular.

Whether and when the Company will proceed with the Possible Disposal or not will depend on a number of factors including without limitation the prevailing market sentiments and market conditions at the proposed time of executing the Disposals. There is no assurance that the Company will proceed with the Possible Disposal. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	board of Directors
“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)
“connected person(s)”	has the meanings as defined in the Listing Rules
“Directors”	directors of the Company
“Disposal(s)”	disposal(s) of shares of LSEA Stock by LHC under the Possible Disposal

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 as at the date of this announcement
“Landsea Homes Group”	Landsea Homes and its subsidiaries
“Last Trading Day”	2 February 2024 (New York time), being the last full trading day of the shares of LSEA Stock on NASDAQ prior to the release of this announcement
“LHC”	Landsea Holdings Corporation, a company incorporated under laws of the State of Delaware in the USA, which is an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSEA Stock”	the common shares of Landsea Homes
“Minimum Selling Price”	US\$9.35 per share of LSEA Stock
“NASDAQ”	National Association of Securities Dealers Automated Quotations capital market
“Possible Disposal”	the proposed disposal(s) of up to 4,800,000 shares of LSEA Stock by LHC
“PRC”	the People’s Republic of China
“Relevant Period”	the 6-month period from the date of passing of the relevant resolution approving the Possible Disposal at the SGM
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, amongst other things, the Possible Disposal
“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

“USA”	the United States of America
“US GAAP”	generally accepted accounting principles in the USA
“US\$”	United States dollar, the lawful currency of USA
“%”	per cent.

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

Hong Kong, 5 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.