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If you have sold or transferred your shares in Landsea Green Properties Co., Ltd., you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**(1) MAJOR TRANSACTION IN RELATION TO THE MERGER
(2) PROPOSED SPIN-OFF AND SEPARATE LISTING
OF LANDSEA HOMES INCORPORATED
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders

TRINITY

Trinity Corporate Finance Limited

A letter from the Board is set out on pages 6 to 42 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 43 to 44 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 45 to 81 of this circular.

A notice convening the special general meeting of the Company to be held at Landsea Green Center, Building 5, Lane 280, Linhong Road, Changning District, Shanghai, China on Thursday, 7 January 2021 at 4:00 p.m. (the “SGM”) is set out on pages SGM-1 to SGM-2 of this circular. Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as possible and in any event not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish.

21 December 2020

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 31 August 2020 in relation to, among other things, the Merger and the Proposed Spin-off
“Assured Entitlement”	the requirement under Paragraph 3(f) of PN15 for a listed issuer to provide its existing shareholders with an assured entitlement to shares in the spin-off entity, either by way of a distribution in specie of existing shares in the spin-off entity or by way of preferred application in any offering of existing or new shares in the spin-off entity
“Board”	the board of Directors
“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”	consummation of the Merger in accordance with the terms of the Merger Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Easycorps”	Easycorps Group Limited, a company wholly-owned by Mr. Tian Ming as at the Latest Practicable Date
“Forward Purchase Transaction”	the forward purchase and subscription agreements entered into by and among LF Capital, the Sponsor and certain investors party thereto and as at the date of the Merger Agreement, whereby the investors have agreed to, in the aggregate, purchase up to US\$35 million of shares of LF Common Stock in open market transactions prior to the record date for the meeting of the stockholders of LF Capital (subject to certain price thresholds) and in consideration thereof the LF Capital shall issue a certain number of shares of LF Common Stock to such investors. Sponsor shall concurrently forfeit an amount of LF Common Stock equal to the amount issued to the investors. As at the Latest Practicable Date, an aggregate of 224,550 LF Common Stock were forfeited by the Sponsor and issued to such investors pursuant to the Forward Purchase Transaction

DEFINITIONS

“Founders”	the Sponsor and all other holders of Class B common stock of LF Capital as at the Latest Practicable Date
“Greensheid”	Greensheid Corporation, a wholly-owned subsidiary of Landsea International as at the Latest Practicable Date
“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
“Independent Board Committee”	an independent committee of the Board comprising all its independent non-executive Directors, established for the purpose of advising the Independent Shareholders in relation to the terms and conditions of the Merger Agreement and the transactions contemplated thereunder (including the Merger) and the Proposed Spin-off
“Independent Financial Adviser”	Trinity Corporate Finance Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Merger, the Proposed Spin-off and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders other than those who are required under the Listing Rules to abstain from voting at the SGM for the resolution(s) approving the Merger Agreement and the transactions contemplated thereunder (including the Merger) and the Proposed Spin-off
“Landsea Group”	Landsea Group Co., Ltd.* (朗詩集團股份有限公司), a company established in the PRC with limited liability, the controlling shareholder of the Company
“Landsea Homes”	Landsea Homes Incorporated, a corporation incorporated in the State of Delaware of the US and a wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Landsea Homes Common Stock”	common stock in Landsea Homes with a par value of US\$0.0001 per share
“Landsea Homes Group”	Landsea Homes and its subsidiaries

DEFINITIONS

“Landsea International”	Landsea International Holdings Limited, a controlling shareholder of the Company as at the Latest Practicable Date
“Latest Practicable Date”	18 December 2020 being the latest practicable date prior to the printing of this circular, for ascertaining certain information for inclusion in this circular
“LF Capital”	LF Capital Acquisition Corp., being a special purpose acquisition company in the US and the LF Common Stock, public warrants and units of which are listed on Nasdaq with ticker symbols “LFAC”, “LFACW” and “LFACU”, respectively
“LF Common Stock”	Class A common stock in LF Capital
“LHC”	Landsea Holdings Corporation, a corporation incorporated in the State of Delaware of the US and an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Merger”	a business combination transaction by which Merger Sub merges with and into Landsea Homes with Landsea Homes being the surviving entity of such merger
“Merger Agreement”	the agreement dated 31 August 2020 (US time) entered into among Landsea Homes, LHC, LF Capital and Merger Sub in relation to the Merger
“Merger Consideration”	consideration for the Merger, being US\$343,805,119.68
“Merger Sub”	LFCA Merger Sub, Inc., a limited liability company formed in the State of Delaware of the US and a wholly-owned subsidiary of LF Capital
“Mr. Tian”	Mr. Tian Ming, the chairman and executive Director of the Company
“Nasdaq”	National Association of Securities Dealers Automated Quotations capital market
“PN 15”	Practice Note 15 of the Listing Rules
“PRC”	the People’s Republic of China

DEFINITIONS

“Proposed Spin-off”	the proposed disposal of Landsea Homes by way of the Merger pursuant to the terms of the Merger Agreement, thereby effecting the separate listing of Landsea Homes on Nasdaq
“Remaining Business”	the business of the Group, excluding the US Property Development Business, upon Completion
“Remaining Group”	the Group, excluding the Landsea Homes Group, upon Completion
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be held at Landsea Green Center, Building 5, Lane 280, Linhong Road, Changning District, Shanghai, China on Thursday, 7 January 2021 at 4:00 p.m. for the purpose of considering and, if thought fit, approving the waiver of Assured Entitlement
“Shareholder(s)”	shareholders of the Company
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company (or such other nominal amount as shall result from a sub-division, consolidation, reclassification, or reconstruction of the share capital of the Company, from time to time)
“Sponsor”	Level Field Capital, LLC, a company incorporated in the state of Delaware of the US with limited liability, which acted as the sponsor of the initial public offering of LF Capital
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrendered Shares”	a total number of 600,000 shares of LF Common Stock (as converted on a one-to-one basis from the Class B common shares of LF Capital at Completion) that the Sponsor agreed to defer in connection with the consummation of the transactions are contemplated under the Merger Agreement
“Surrendered Warrants”	a total number of 2,260,000 Private Placement Warrants that the Sponsor agreed to transfer to LF Capital for forfeiture in connection with the consummation of the transactions as contemplated under the Merger Agreement

DEFINITIONS

“Urban Development Project”	a 14 storey luxury residential condominium development on the upper west side of Manhattan, New York in the US, which was transferred to LHC as part of an internal reorganization on 29 June 2020
“US”	the United States of America
“US Property Development Business”	the business principally engaged by Landsea Homes, being residential property development in the US, in Greater New York, Boston, Los Angeles, San Francisco and Arizona, but excluding the Urban Development Project
“US\$”	United States dollar, the lawful currency of the US
“Warrant Agreement”	the warrant agreement dated 19 June 2018 and entered into by and between LF Capital and Continental Stock Transfer & Trust Company
“Warrant Amendment”	an amendment to the Warrant Agreement such that, as of the Merger Effective Time, (i) each issued and outstanding Public Warrant, which currently entitles each holder thereof to purchase one share of LF Common Stock at an exercise price of US\$11.50 per share, will become exercisable for one-tenth of one share at an exercise price of US\$1.15 per one-tenth share (US\$11.50 per whole share) and (ii) each holder of Public Warrants issued and outstanding immediately prior to the Merger Effective Time shall be entitled to receive from LF Capital a one-time payment of US\$1.85 per Public Warrant as soon as reasonably practicable following the Completion
“Warrant Holder Approval”	the proposal, requiring the approval of holders representing at least 65% of the issued and outstanding public warrants of LF Capital, to effect the Warrant Amendment, if necessary
“%”	per cent

* *for identification purpose only*



LANDSEA GREEN PROPERTIES CO., LTD.

朗詩綠色地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

Executive Directors:

Mr. Tian Ming (*Chairman*)
Mr. Huang Zheng (*Chief Executive Officer*)
Mr. Jiang Chao (*Executive Vice President*)

Non-executive Directors:

Ms. Shen Leying
Mr. Zhou Yimin

Independent Non-Executive Directors:

Mr. Xu Xiaonian
Mr. Chen Tai-yuan
Mr. Rui Meng

Registered Office:

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

Room 5103, 51/F, The Center
99 Queen's Road Central
Hong Kong

21 December 2020

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR TRANSACTION IN RELATION TO THE MERGER
AND
(2) PROPOSED SPIN-OFF AND SEPARATE LISTING OF LANDSEA
HOMES INCORPORATED**

INTRODUCTION

Reference is made to the Announcement in which it was disclosed that on 31 August 2020 (US time), Landsea Homes and LHC entered into the conditional Merger Agreement with LF Capital and Merger Sub in relation to the Merger.

The transactions contemplated under the Merger Agreement involve the merger of Merger Sub with and into Landsea Homes with Landsea Homes surviving the Merger. Following the Merger, Landsea Homes will become a wholly-owned subsidiary of LF Capital, a special purpose acquisition company, the LF Common Stock, public warrants and units of which are listed on Nasdaq.

LETTER FROM THE BOARD

MERGER AND PROPOSED SPIN-OFF

Merger Agreement

The principal terms of the Merger Agreement are summarized as follows:

Date: 31 August 2020 (US time)

Parties:

- (1) Landsea Homes
- (2) LHC
- (3) LF Capital
- (4) Merger Sub

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, LF Capital and Merger Sub and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Each of Landsea Homes and LHC is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date.

Subject matter: **Merger**

On the terms and subject to the conditions of the Merger Agreement, Landsea Homes and Merger Sub shall cause the Merger to be consummated by filing a certificate of merger with the Secretary of State of the State of Delaware, in accordance with the applicable provisions of the General Corporation Law of the State of Delaware (the time of such filing, or such later time as may be agreed in writing by Landsea Homes and LF Capital and specified in the certificate merger, being the "**Merger Effective Time**").

LETTER FROM THE BOARD

At the Merger Effective Time, Merger Sub shall be merged with and into Landsea Homes, following which the separate corporate existence of Merger Sub shall cease and Landsea Homes shall continue as the surviving corporation after the Merger and as a direct, wholly-owned subsidiary of LF Capital. Upon consummation of the Merger, all the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of Merger Sub and Landsea Homes shall become the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of the surviving corporation, which shall include the assumption by the surviving corporation of any and all agreements, covenants, duties and obligations of Merger Sub and Landsea Homes set forth in the Merger Agreement to be performed after the Merger Effective Time.

At the Merger Effective Time, the certificate of incorporation and bylaws of the surviving corporation shall be amended to read the same as the certificate of incorporation and bylaws of Landsea Homes as in effect immediately prior to the Merger Effective Time, except that the name of the surviving corporation shall be “Landsea Homes US Corporation”. Further, the directors and officers of Landsea Homes shall become the directors and officers of the surviving corporation.

Immediately upon Completion,

- (i) LF Capital will own 100% of the equity interests in Landsea Homes and will own all of Landsea Homes’ operating assets and intangible assets (including intellectual property rights) required for the operation of the US Property Development Business;
- (ii) subject to the assumptions as set forth under the paragraph headed “Shareholding structure of LF Capital — (a) Immediately upon Completion” below, the Company will, through its wholly-owned subsidiary, LHC, receive the Merger Consideration, in the form of LF Common Stock, representing:
 - a. a minimum of approximately 68.8% of the enlarged equity interest in LF Capital upon Completion; and

LETTER FROM THE BOARD

- b. a maximum of approximately 71.2% of the enlarged equity interest in LF Capital upon Completion on a fully-diluted basis assuming that a maximum of 1,623,379 shares of LF Common Stock having been redeemed by other holders of LF Common Stock prior to Completion, being the maximum amount in order for LF Capital to retain an amount (after transaction costs) of cash of at least US\$90,000,000 in its trust account as one of the conditions to completion of the Merger Agreement; and
- (iii) Landsea Homes will be an indirect non-wholly owned subsidiary of the Company.

Shareholding structure of LF Capital

As at 23 November 2020, being the most recent public disclosure of LF Capital, and as set forth and contained in the Schedule 14A Definitive Proxy Statement of LF Capital, filed on 23 November 2020, LF Capital has securities outstanding as follows:

- (a) an authorized preferred shares of 1,000,000 with par value US\$0.0001 per preferred share, among which, no shares are issued and outstanding;
- (b) Class A common shares with par value US\$0.0001 per share, among which, 100,000,000 are authorized and 12,219,363 are issued and outstanding;
- (c) Class B common shares with par value US\$0.0001 per share, among which, 15,000,000 are authorized and 3,881,250 are issued and outstanding, provided that the Sponsor has agreed to forfeit 600,000 shares of LF Capital's Class B common Stock and transfer 500,000 shares of LF Common Stock to LHC at Completion;
- (d) 7,760,000 private placement warrants (the "**Private Placement Warrants**") which are outstanding and held by the Founder, among which, the Sponsor has agreed to surrender and transfer the Surrendered Warrants, being 2,260,000 of the Private Placement Warrants, to LF Capital for forfeiture and cancellation, and to transfer 2,200,000 of the Private Placement Warrants to LHC at Completion; and
- (e) 15,525,000 public warrants (the "**Public Warrants**", and together with the Private Placement Warrants, the "**Warrants**") which are outstanding.

LETTER FROM THE BOARD

(a) *Immediately upon Completion*

The shareholding structure of LF Capital, and the minimum interest and maximum interest in LF Capital to be held by LHC of approximately 68.8% and 71.2%, respectively, immediately upon Completion have taken into consideration of the following assumptions:

- (i) there is no adjustment to the Merger Consideration, whereupon LHC's shareholding in LF Capital will be further diluted if the Merger Consideration is being adjusted downward. As confirmed by the parties to the Merger Agreement, there will be no adjustment to the Merger Consideration;
- (ii) all outstanding Warrants have not been exercised;
- (iii) the transactions contemplated by the Merger Agreement and ancillary agreements thereto, including the Sponsor's Forfeiture and the Sponsor's Transfer, having been effectuated;
- (iv) no other holder of LF Common Stock redeems their shares of LF Common Stock and there is no other change in the number of outstanding shares of LF Common Stock from the date of the Merger Agreement to the date of Completion;
- (v) the earn-out thresholds have been met for 1,000,000 shares of deferred LF Common Stock and 500,000 shares of which being held by each of Sponsor and LHC, which are subject to forfeiture in the event that the valuation of the Class A Stock does not reach certain thresholds during the twenty-four month period following the closing of the Merger; and
- (vi) all Class B common shares of LF Capital are converted into shares of LF Common Stock).

LETTER FROM THE BOARD

Stockholder	As at 23 November 2020, being the most recent public disclosure of LF Capital LF		Scenario 1: Immediately upon Completion LF		Scenario 2: Immediately upon Completion ^(Notes 3) LF	
	Common Stock	Ownership percentage	Common Stock	Ownership percentage	Common Stock	Ownership percentage
	LHC	—	—	33,057,303	68.8%	33,057,303
Founders ^(Note 1)	3,881,250	24.1%	2,556,700	5.3%	2,556,700	5.5%
Public stockholders	12,219,363	75.9%	12,443,913	25.9%	10,820,534	23.3%
Total	16,100,613 ^(Note 2)	100%	48,057,916	100%	46,434,537	100%

Notes:

- (1) For the purpose of the Merger and contingent upon Completion, the Sponsor has agreed to:
 - (a) forfeit 600,000 shares of Class B Common Stock of LF Capital and 2,260,000 Private Placement Warrants of LF Capital immediately prior to Completion; and forfeit up to 500,000 additional shares of LF Common Stock post-Completion (contingent upon the valuation of the LF Common Stock reaching certain thresholds during the twenty-four month period following the Completion) (the “**Sponsor’s Forfeiture**”); and
 - (b) transfer 2,200,000 Private Placement Warrants of LF Capital to LHC immediately prior to Completion; and transfer 500,000 additional shares of LF Common Stock post-completion to LHC (contingent upon the valuation of the LF Common Stock reaching certain thresholds during the twenty-four month period following the Completion) (the “**Sponsor’s Transfer**”).
- (2) As at 23 November 2020, being the most recent public disclosure of LF Capital, LF Capital has 16,100,613 issued and outstanding LF Common Stock, representing (i) the 15,525,000 Class A Stock and 3,881,250 shares of Class B Stock issued prior to the listing of LF Capital on 20 June 2018; and (ii) the subsequent redemption of (a) 2,089,939 shares upon the special meeting of stockholders of LF Capital on 18 June 2020 to extend the deadline for the consummation of the Merger from 22 June 2020 to 22 September 2020; and (b) 1,215,698 shares upon the special meeting of stockholders of LF Capital on 17 September 2020 to extend the deadline for the consummation of the Merger from 22 September 2020 to 22 December 2020, which results in a total of 3,305,637 shares of LF Capital being cancelled.

LETTER FROM THE BOARD

- (3) The maximum shareholding interest of LF Capital of 71.2% to be held by LHC immediately upon Completion was determined assuming that a maximum of 1,623,379 shares of LF Common Stock having been redeemed by other holders of LF Common Stock prior to Completion, being the maximum amount in order for LF Capital to retain an amount (after transaction costs) of cash of at least US\$90,000,000 in its trust account as one of the conditions to completion of the Merger Agreement.
- (4) The aggregate of the percentage figures stated above do not add up to 100 per cent. due to rounding issue of the decimal places.

(b) Post-Completion

Immediately upon Completion, the lowest shareholding in LF Capital to be held by LHC will be 68.8% as the Warrants cannot be exercisable prior to Completion. Following Completion, the shareholding structure of LF Capital is subject to changes contingent upon the followings:

- (i) the conversion of the 15,525,000 outstanding public Warrants and the 7,760,000 outstanding private Warrants, which cannot be exercised by the holders of the Warrants prior to Completion. For illustration purpose, the shareholding structure of LF Capital on a fully-diluted basis upon all Warrants being exercised is set forth below;
- (ii) the conversion ratio of the Warrants being reduced pursuant to the Warrant Holder Approval (which is not a conditions precedent to the Merger), which in effect will reduce the dilutive impact to the shareholding of LHC in LF Capital; and
- (iii) the fulfilment of earnout thresholds of US\$14 per share of LF Common Stock in the 2 year period upon Completion resulting in an additional of 500,000 LF Common Stock being issued to the Sponsor and LHC respectively. For illustration purpose, the shareholding structure of LF Capital on a fully-diluted basis upon all Warrants being exercised and earnout threshold being satisfied is set forth below.

Following Completion, the lowest possible shareholding interest of LF Capital to be held by LHC on the assumption that no further redemption prior to Completion and full dilution from exercise of all Warrants and earnout shares will be approximately 51.0%.

LETTER FROM THE BOARD

The shareholding structure of LF Capital assuming (i) all Warrants being exercised; and (ii) earnout threshold being satisfied is set forth below:

	Assuming all Warrants being exercised		Assuming all Warrants being exercised and earnout threshold being satisfied	
LHC	34,757,303	51.1%	35,257,303	51.0%
Founders	5,356,700	7.9%	5,856,700	8.5%
Public stockholders	27,968,913	41.1%	27,968,913	40.5%
Total	68,082,916	100%	69,082,916	100%

Consideration for the Merger:

In consideration for the Merger, each share of Landsea Homes Common Stock (other than the Landsea Homes Common Stock held in the treasury of Landsea Homes or owned by LF Capital, Merger Sub or Landsea Homes immediately prior to the Merger Effective Time) issued and outstanding immediately prior to the Merger Effective Time will be cancelled and automatically deemed for all purposes to represent the right to receive the Merger Consideration, being an aggregate of 32,557,303 shares of LF Common Stock.

The Merger Consideration is US\$343,805,119.68 (equivalent to approximately HK\$2,681,679,933), which shall be payable in the form of shares of LF Common Stock. The Merger Consideration, when compared to the unaudited net asset value of Landsea Homes as at 30 June 2020 in the amount of US\$510,461,000, represents a deficit of US\$166,655,880.32.

LETTER FROM THE BOARD

The number of shares of LF Common Stock to be issued to LHC, i.e. 32,557,303 shares of LF Common Stock, was calculated by dividing the Merger Consideration, i.e. US\$343,805,119.68 (equivalent to approximately HK\$2,681,679,933) by US\$10.56, being the average closing price per share of LF Common Stock over the five business days following the first public announcement in relation to the Merger on 31 August 2020. The number of shares of LF Common Stock that LHC will receive as a result of the Merger shall be adjusted to reflect appropriately the effect of any stock split, split-up, reverse stock split, stock dividend or distribution (including any dividend or distribution of securities convertible into LF Common Stock), extraordinary cash dividend, reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to LF Common Stock prior to Completion.

Determination of the Merger Consideration

The Merger Consideration was determined following arm's length negotiation among the parties to the Merger Agreement by multiplying the estimated tangible book value ("**TBV**") (i.e. net asset value minus goodwill and minus a trademark value accounted for in the other asset account), of Landsea Homes as of 30 June 2020 in the amount of approximately US\$484 million (equivalent to approximately HK\$3,751 million) (the "**Estimated TBV**") by an agreed price-to-tangible book value multiple of 0.84x (the "**Agreed P/TBV Multiple**"), which gives the agreed implied equity value of approximately US\$407 million (equivalent to approximately HK\$3,151 million) (the "**Agreed EV**") and then applying a discount of US\$64 million (the "**Agreed Discount**").

The Agreed P/TBV Multiple was agreed upon arm's length negotiation between LHC and LF Capital taking into consideration that Landsea Homes is relatively small in terms of size and scale and the limited operating history as compared to other US listed homebuilders. The Agreed P/TBV Multiple has also taken into consideration of a sponsor's promote of approximately US\$24 million, which is a typical promote receivable by the sponsor and customary for any transaction with a special purpose acquisition company in the US and typically equals to an amount of approximately 20% of the size of the fund raised in the initial listing of the particular special purpose acquisition company involved and subject to negotiation between the parties to the merger and the number of new shares to be issued. Accordingly, a mark-down from 1.0x to 0.84x was agreed.

LETTER FROM THE BOARD

The Agreed Discount represents a discount of approximately 15% of the Agreed EV. The Agreed Discount was agreed with LF Capital after taking into account the potential fluctuation of market conditions and uncertainty for the long period between the date of the Merger Agreement and Completion as well as to induce potential investors' interest in Landsea Homes.

In determining whether the Merger Consideration is fair and reasonable, the parties to the Merger Agreement also took into consideration of other relevant market-based valuation metrics of selected public homebuilder comparable companies (the "**Comparable Companies**"). These valuation metrics included the price to earnings ("**P/E**"), enterprise value (i.e. the public equity market capitalization plus net debt) to EBITDA ("**EV/EBITDA**"), enterprise value to inventories ("**EV/Inventories**") and price-to-tangible book value ("**P/TBV**") multiples. For further details as to the analysis conducted on the relevant valuation metrics of the Comparable Companies, please refer to the paragraph headed "Comparable Companies Analysis" below.

Comparable Companies Analysis

The Comparable Companies selected for conducting the market analysis included:

- (i) Meritage Homes, a designer and builder of single-family homes headquartered in Scottsdale, Arizona and is publicly traded on the New York Stock Exchange under the "MTH" trading symbol;
- (ii) Taylor Morrison, a public homebuilder in the United States headquartered in Scottsdale, Arizona which designs, builds and sells single and multi-family detached and attached homes in traditionally high growth markets for first time, move-up, luxury, and active adult buyers and is publicly traded on the New York Stock Exchange under the "TMHC" trading symbol;
- (iii) M.D.C. Holdings, Inc., a company headquartered in Denver, Colorado primarily engaged in sales of single-family detached homes to first-time and first-time move-up homebuyers and is publicly traded on the New York Stock Exchange under the "MDC" trading symbol;

LETTER FROM THE BOARD

- (iv) TRI Pointe, a company is headquartered in Irvine, California with an extensive product offering appeal to a broad range of potential homebuyers, including buyers of entry-level, move-up, luxury and active adult homes and is publicly traded on the New York Stock Exchange under the “TPH” trading symbol;
- (v) Century Communities, Inc., a Delaware corporation engaged in the development, design, construction, marketing and sale of single-family attached and detached homes in 17 states and headquartered in Greenwood Village, Colorado, and is publicly traded on the New York Stock Exchange under the “CCS” trading symbol; and
- (vi) M/I Homes, Inc., a company headquartered in Columbus, Ohio which designs, markets, constructs and sells single-family homes and attached townhomes to first-time, move-up, empty-nester, and luxury buyers and is publicly traded on the New York Stock Exchange under the “MHO” trading symbol, each being mid-cap homebuilders listed in U.S. stock exchange market, the nature and the size of which being similar to LF Capital upon completion of the Merger.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are only a total of 17 homebuilder companies listed on the New York Stock Exchange and the NASDAQ. Out of the 17 homebuilders companies, the Comparable Companies were chosen based on their market positioning in the entry level and move-up home segments, the geographic locations of their respective projects, and similar business model that engages in the design, construction, marketing and sale of suburban and urban single-family detached and attached homes. Although the operating history and size of the Comparable Companies are different from that of Landsea Homes, they are relatively comparable to Landsea Homes in terms of business model and financial condition. On the other hand, while there were other companies that may have a market capitalization that were similar to Landsea Homes, those companies were not chosen due to their different business models, higher debt ratios, and poor historical financial performance. As the scale and the operating history of Landsea Homes are very different from those of the Comparable Companies, some of the comparative parameters of Landsea Homes do not fall within the ranges of the comparative parameters of the Comparable Companies. Notwithstanding the aforesaid, the Company still takes the view that it is important to conduct an analysis on and comparison with companies with similar market positioning and business model as Landsea Homes to demonstrate Landsea Homes's position in the market and its potentials. Therefore, the Company is of the view that the selection of the Comparable Companies is fair and reasonable.

The Comparable Companies analysis was conducted by comparing the comparative P/E, EV/EBITDA, EV/Inventories, and P/TBV multiples of the Comparable Companies as follows:

- (i) the P/E ratio of 11.7x was based on the estimated 2021 earnings of Landsea Homes. The P/E ratio of 11.7x was higher than the Comparable Companies' average and median P/E ratios of 8.5x and 8.4x based on their estimated 2021 earning Landsea Homes recorded relatively lower earnings historically as compared to the Comparable Companies. The higher P/E ratio reflects the growth potential of Landsea Homes. In particular, Landsea Homes is still at the growth stage of its development and therefore a growth-oriented company that is considered to be able to deliver strong returns in the future, which justifies for a higher P/E ratio. Based on the estimated 2022 earning, it is expected that the P/E ratio applicable to Landsea Homes will be lower to a range similar to the Comparable Companies;

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- (ii) the EV/EBITDA multiple was 7.2x based on estimated 2021 EBITDA of Landsea Homes and the Comparable Companies' average and median EV/EBITDA multiples were 7.7x and 7.2x based on their estimated 2021 EBITDA figures. The EV/EBITDA multiple applicable to Landsea Homes represents the median EV/EBITDA multiple of the Comparable Companies;
- (iii) the EV/Inventories multiple, which equals to the sum of the equity market value and any outstanding debt and preferred stock minus cash and cash equivalents, was 0.86x, which was determined with reference to the Comparable Companies' average and median EV/Inventories multiples were 1.2x and 1.2x. The lower EV/Inventories multiple applicable to Landsea Homes was considered reasonable after taking into consideration of the factors listed under the paragraph headed "Other factors" below, in particular the relatively smaller size and scale of Landsea Homes as well as the leverage ratio as compared to those of the Comparable Companies which will have an impact to the multiple. In particular, the Comparable Companies have higher leverage (with an average debt to EV of approximately 55%) as compared to Landsea Homes (with an expected debt to EV of approximately 19% at Completion). As a result, the Comparable Companies have higher EV/Inventories multiple, and to the contrary the smaller size of the enterprise value of Landsea Homes to its real estate inventories results in a smaller multiple in comparison; and
- (iv) the Agreed P/TBV Multiple was 0.84, which was determined with reference to the Comparable Companies' average and median P/TBV multiples were 1.4x and 1.3x. The lower P/TBV multiple applicable to Landsea Homes was accepted taking into consideration of the factors listed under the paragraph headed "Other factors" below, in particular the relatively smaller size and scale and the limited operating history of Landsea Homes as compared to those of the Comparable Companies resulting in a smaller market capitalization, which will an impact to the multiple. By way of illustration, homebuilders which have less than US\$1 billion in market capitalization have an average P/TBV multiple of 0.5x, whilst all the Comparable Companies all have market capitalizations greater than US\$1 billion.

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Other factors

In addition, in determining whether the discount, including the Agreed P/TBV Multiple and the Agreed Discount, being applied to the Estimated TBV and inventories of Landsea Homes is fair and reasonable, the parties also took into consideration of:

- (i) the presence of a controlling shareholder (which none of the Comparable Companies have), which may result in that controlling shareholder using its influence and control to act in ways which may be different from the interests of other shareholders;
- (ii) Landsea Homes' adjusted return on equity of 6.0% in 2019 and 4.2% expected in 2020, which is lower than the average return on equity of 10.9% in 2019 and 12.9% in 2020 for the Comparable Companies, taking into consideration of a shorter period of operating history of Landsea Homes and that it has not reached the size and scale of the Comparable Companies at this stage. All of the Comparable Companies have operating history in the average of approximately 43 years and a median of approximately 40 years;
- (iii) the relatively small size of Landsea Homes as compared to other US-listed homebuilders (with an expected total public equity market capitalization of under US\$510 million as compared to the Comparable Companies ranging from US\$1,294 million to US\$3,911 million, and with expected 2020 revenue of US\$697 million as compared to the expected 2020 revenue of the Comparable Companies ranging from US\$2,700 million to US\$5,760 million);
- (iv) the geographic concentration and lack of diversification of Landsea Homes' operations, being primarily focused in the California and Arizona markets, as compared to the Comparable Companies, which have product coverage covering a vast majority of the states in the US; and
- (v) the low anticipated free float (with an expected free float of under US\$144 million as compared to the free float of the Comparable Companies ranging from US\$1,244 million to US\$3,714 million).

Based on the aforesaid, the Company is of the view that the Merger Consideration is fair and reasonable.

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Outstanding stock options of Landsea Homes: As at the date of the Merger Agreement, there are no securities or ownership interests that are reserved for issuance upon the exercise of outstanding options, warrants or other rights to purchase any share of Landsea Homes Common Stock.

Conditions precedent to the Merger Agreement:

Conditions precedent to the Merger Agreement

The obligations of each party to the Merger Agreement to effect the Merger and the transactions as contemplated thereunder shall be subject to the satisfaction (or written waiver, in whole or in part, to the extent such conditions can be waived under the Merger Agreement and applicable law) at or prior to the Completion of the following conditions:

- (a) at the stockholders meeting of LF Capital (including any adjournments thereof), any necessary matters, including (i) the adoption of the Merger Agreement and approval of the transactions contemplated thereunder; (ii) the issuance of the LF Common Stock for the Merger Consideration in accordance with the Merger Agreement; and (iii) the amendment and restatement of the organizational documents of LF Capital in agreed form, shall have been duly adopted by the stockholders of LF Capital in accordance with the General Corporation Law of the State of Delaware, the certificate of incorporation and the bylaws of LF Capital and the Nasdaq rules and regulations;
- (b) LF Capital shall have at least US\$5,000,001 of net tangible assets following the exercise by the holders of Class A stock of LF Capital issued in the initial public offering of securities of LF Capital and outstanding immediately before the Completion of their right to redeem their Class A stock of LF Capital in accordance with the certificate of incorporation and the bylaws of LF Capital;
- (c) all applicable waiting periods as prescribed pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (and any extensions thereof) will have expired or otherwise been terminated, and the parties to the Merger Agreement will have received or have been deemed to have received all other mandatory pre-closing authorizations, consents, clearances, waivers and approvals of all governmental entities required in connection with the execution, delivery and performance of the Merger Agreement and the transactions contemplated thereunder, which the parties have determined that the applicable waiting periods are not applicable to the proposed Merger;

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- (d) no provision of any applicable Law prohibiting, enjoining, restricting or making illegal the consummation of the transactions contemplated under the Merger Agreement shall be in effect and no temporary, preliminary or permanent restraining order enjoining, restricting or making illegal the consummation of the transactions contemplated under the Merger Agreement will be in effect or shall be threatened in writing by a governmental entity;
- (e) the shares of LF Common Stock to be issued in connection with the Merger shall be approved for listing upon the Completion on Nasdaq; and
- (f) the Company having obtained the approval of the Stock Exchange in connection with the Merger and transactions contemplated thereunder (including the waiver of the Assured Entitlement requirement by the Shareholders at the SGM) in accordance with the applicable requirements of the Listing Rules and such approval has not been revoked at or prior to the Completion.

Based on the advice obtained by the Company, condition (c) above is not applicable to the Merger.

As at the Latest Practicable Date, save for condition (c) above, all of the other conditions precedent set out above have not been fulfilled or waived.

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Additional conditions to obligations of LHC and Landsea Homes

The obligations of LHC and Landsea Homes to consummate and effect the Merger and the transactions contemplated under the Merger Agreement shall be subject to the satisfaction at or prior to the Completion of each of the following conditions, any of which may be waived, in writing, exclusively by LHC and Landsea Homes:

- (a) the fundamental representations of LF Capital under the Merger Agreement shall be true and correct in all material respects on and as of the date of the Merger Agreement and on and as of the date of Completion as though made on and as of date of Completion (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure of such representations and warranties of LF Capital to be so true and correct, individually or in the aggregate, has not had and is not reasonably likely to have a material adverse effect on LF Capital and Merger Sub;
- (b) LF Capital and Merger Sub shall have performed or complied with all agreements and covenants required by the Merger Agreement to be performed or complied with by them on or prior to the date of Completion, in each case in all material respects;
- (c) LF Capital shall have delivered to Landsea Homes a certificate certifying as to the matters set forth (a) and (b) above;
- (d) no material adverse effect on LF Capital and Merger Sub shall have occurred since the date of the Merger Agreement;
- (e) all directors and officers of LF Capital and Merger Sub, except for Mr. Elias Farhat, an existing director of LF Capital, and Mr. Scott Reed, currently the president, chief executive officer and director of LF Capital, shall have resigned from all of their positions and offices with LF Capital and Merger Sub;
- (f) LF Capital and Merger Sub shall have delivered or shall stand ready to deliver duly executed and filed certificates, instruments, contracts and other documents specified to be delivered by it pursuant to the Merger Agreement;

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- (g) the charter of LF Capital shall be amended and restated in an agreed form and shall be executed and filed with the Secretary of State of the State of Delaware, and the bylaws of LF Capital shall be amended and restated in an agreed form;
- (h) after deducting the amount of cash in the trust account of LF Capital, which amounted to US\$129,126,990.62 as of 17 September 2020, from the aggregate amount of cash proceeds that will be required to satisfy any exercise by the stockholders of LF Capital to redeem shares of Class A Stock of LF Capital from the trust account of LF Capital, the aggregate amount of any transaction costs of LF Capital and Landsea Homes in relation to the Merger, such remaining amount shall be equal to or exceed US\$90,000,000, being the amount of cash expected to maintain and fund the ongoing operation of Landsea Homes upon completion of the Merger;
- (i) LF Capital shall have made appropriate arrangements to have its trust account, less amounts paid and to be paid pursuant to the Merger Agreement, available to LF Capital for payment of the transaction costs of LF Capital and Landsea Homes in relation to the Merger at Completion; and
- (j) the Surrendered Shares and Surrendered Warrants shall have been cancelled by LF Capital.

As at the Latest Practicable Date, all of the conditions precedent set out above have not been fulfilled or waived.

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Additional conditions to obligations of LF Capital and Merger Sub

The obligations of LF Capital and Merger Sub to consummate and effect the Merger and the transactions as contemplated under the Merger Agreement shall be subject to the satisfaction at or prior to the Completion of each of the following conditions, any of which may be waived, in writing, exclusively by LF Capital:

- (a) the fundamental representations of Landsea Homes under the Merger Agreement shall be true and correct in all material respects on and as of the date of the Merger Agreement and on as of the date of Completion as though made on and as of the date of Completion (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure of such representations and warranties of Landsea Homes to be so true and correct, individually or in the aggregate, has not had and is not reasonably likely to have a material adverse effect to Landsea Homes and its subsidiaries;
- (b) Landsea Homes shall have performed or complied with all agreements and covenants required by the Merger Agreement to be performed or complied with by it at or prior to the date of Completion;
- (c) Landsea Homes shall have delivered to LF Capital a certificate certifying as to the matters set forth in (a) and (b) above;
- (d) no material adverse effect to Landsea Homes Group shall have occurred since the date of the Merger Agreement; and
- (e) Landsea Homes or LHC shall have delivered, or caused to be delivered, or shall stand ready to deliver duly executed and filed certificates, instruments, contracts and other documents specified to be delivered by it pursuant to the Merger Agreement.

As at the Latest Practicable Date, all of the conditions precedents set out above have not been fulfilled or waived.

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- Lock-up:** Each of Sponsor and LHC shall enter into the agreed form of a lock-up agreement (the “**Lock-up Agreement**”) pursuant to which each of Sponsor and LHC shall (subject to certain permitted transfers) agree not to transfer LF Common Stock to be received under the Merger Agreement until the earlier of, among other things, (i) end of a one-year period from the Completion; and (ii) end of any 30-trading day period during which the share price of LF Common Stock exceeds US\$12.00 for 20 trading days, the first day of which commences after 150 days from the Completion.
- Others:** The Founders have agreed to waive, as applicable, certain anti-dilution, conversion, and/or redemption rights in connection with the Merger and the transactions contemplated by the Merger Agreement.
- Voting undertaking:** Certain Founders and subscribers under the Forward Purchase Transaction, which was to create momentum in the market to show that there was substantial interest from long fundamental investors in the stock of LF Capital and will also enable that the minimum cash requirement at the closing of the Merger, have undertaken that each of them will vote in favour of any other proposals that the parties deem necessary or desirable to consummate the transactions under the Merger Agreement.
- Termination:** The Merger Agreement may be terminated at any time prior to Completion:
- (a) by mutual written agreement LF Capital and LHC;
 - (b) by either LF Capital or LHC if the transactions contemplated under the Merger Agreement shall not have been consummated by 22 September 2020 (the date of which has been extended to 22 December 2020, as approved by the stockholders of LF Capital at a special meeting of stockholders on 17 September 2020, and shall be further extended to 22 January 2021 subject to approval by stockholders at a special meeting to be held on 21 December 2020, for which its initial business combination must be completed or such date LF Capital completes its initial business combination);
 - (c) by either LF Capital or LHC if a governmental entity shall have issued an order or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated under the Merger Agreement, including the Merger, which order or other action is final and non-appealable;

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- (d) by LHC, upon a breach of any representation, warranty, covenant or agreement set forth in the Merger Agreement on the part of LF Capital or Merger Sub, or if any representation or warranty of LF Capital or Merger Sub shall have become untrue in a manner that would cause the failure of a condition to closing under the Merger Agreement and such breach is not cured within 30 days;
- (e) by LF Capital, upon a breach of any representation, warranty, covenant or agreement set forth in the Merger Agreement on the part of Landsea Homes or LHC or if any representation or warranty of Landsea Homes shall have become untrue in a manner that would cause the failure of a condition to closing under the Merger Agreement and such breach is not cured within 30 days;
- (f) by either LF Capital or LHC, if, at the stockholders meeting of LF Capital (including any adjournments thereof), any other proposals that the parties deem necessary or desirable to consummate the transactions under the Merger Agreement are not duly adopted by the stockholders of LF Capital; or
- (g) by LF Capital, if evidence that the stockholder approval of Landsea Homes was obtained shall not have been delivered to LF Capital within 24 hours following the execution and delivery of the Merger Agreement.

As at the Latest Practicable Date, given that the conditions precedent have not been fulfilled or waived, it is expected that Completion shall take place shortly after Shareholders' approval is obtained, which is expected to occur in January of 2021.

Stockholders' agreement

In connection with the Merger, it is expected that LF Capital and LHC will enter into a stockholders' agreement concurrently on the date of Completion to provide for the rights and obligations of LHC as a shareholder of LF Capital upon Completion with respect to, among other things, management and operations of LF Capital.

Pursuant to the stockholders' agreement, whereby, among other things, the parties thereto will agree:

- (i) to provide LHC certain board composition and nomination requirements, including rights to nominate directors in accordance with defined ownership thresholds, establish certain board committees and their respective duties and allow for the compensation of directors;

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- (ii) to provide LHC with inspection and visitation rights, access to LF Capital's management, auditors and financial information;
- (iii) not to, to the extent permitted by applicable law, share confidential information related to LF Capital;
- (iv) waive their right to jury trial and choose Delaware as the choice of law; and
- (v) vote LHC's holdings of LF Common Stock in furtherance of the aforementioned rights, in each case on terms and subject to the conditions set forth therein.

In terms of board composition of LF Capital, pursuant to the stockholders' agreement, LF Capital and LHC shall take all necessary action to ensure that the authorized number of directors on the board of directors of LF Capital to be nine (9), among which, LHC shall, subject to the aggregate interests in LF Capital being held by LHC and its affiliates are more than 50%, initially have the right to nominate seven (7) directors with two (2) of whom who shall satisfy the independent director requirements under the relevant rules of the Nasdaq Stock Exchange. Among the seven (7) directors to be nominated by LHC, LF Capital and LHC shall take all necessary action to cause LF Capital to initially designate Mr. Tian as the chairman of the board of directors of LF Capital. For the remaining 2 director seats, nominations will be made in accordance with the governing documents of LF Capital that will be in place at Completion, which provide that director nominations will be made by (a) LF Capital's notice of annual meeting; (b) the board of directors of LF Capital (as advised by the nominating and governance committee); or (c) by any stockholder complying with the provisions provided for in the by-laws of LF Capital. Therefore, LHC will be able to nominate the 2 remaining directors either by its control of the board of LF Capital or by its status as a stockholder. Those directors nominated for election at an annual stockholders meeting are duly elected if they obtain a majority of the votes cast at such meeting. Therefore, should LHC maintain a greater than 50% ownership interest in LF Capital, it will be able to elect all 9 of its nominated directors given its ability to vote a majority of the votes cast in the election of each.

In addition, LF Capital shall establish and maintain a compensation committee, a nomination and governance committee and an audit committee. Initially, LHC, upon consultation with LF Capital, shall determine the composition of such committee. Subsequent membership shall be governed by the respective committee charter. For so long as the aggregate interests in LF Capital being held by LHC and its affiliates is equal to or greater than 15%, LF Capital and LHC shall take all necessary action to cause at least one director as designated by LHC to be appointed by the board of directors of LF Capital to sit on each standing committee, subject to such director as designated by LHC satisfying applicable qualifications under applicable law, regulation or stock exchange rules and regulations. If any director as designated by LHC fails to satisfy the applicable qualifications under law or stock exchange rule to sit on any committee of the board of directors of LF Capital, then the board of directors of LF Capital shall permit such designee to attend (but not vote) at the meetings of such committee as an observer.

Further, pursuant to the terms of the Merger Agreement, the Sponsor has one-time nomination right to nominate Mr. Elias Farhat, an existing director of LF Capital, and Mr. Scott Reed, currently the president, chief executive officer and director of LF Capital to the board of directors of LF Capital for a one year term following Completion at the special

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meeting to approve the proposed Merger. At the next subsequent annual meeting of LF Capital, the Sponsor will have no such designation right and directors of LF Capital will be nominated and elected pursuant to the Stockholder's Agreement and governing documents of LF Capital. Should LHC maintain its initially contemplated shareholder ownership, it will be able to nominate and elect all nine directors at the next shareholder annual meeting.

The rights and obligations of LHC as contemplated under the stockholders agreement have taken into consideration that Landsea Homes will become an indirect non-wholly owned subsidiary of the Company upon completion of the Merger and the Proposed Spin-off.

Non-compete Undertaking

In addition, LHC will agreed that, for so long as it, together with its affiliates, holds more than 10% of LF Capital's voting stock or has a representative serving on the board of directors of LF Capital, and except for the Urban Development Project, LHC and its affiliates (other than the Landsea Homes Group) will not engage in, or propose to engage in, the "domestic homebuilding business", being a business primarily constructing single and/or multi-family residential properties primarily operating in the US or with a business unit dedicated to constructing single and/or multi-family residential properties in the US.

As at the Latest Practicable Date, LHC held a 14 storey luxury residential condominium development on the upper west side of Manhattan, New York in the US (the "**Urban Development Project**"). The Urban Development Project, namely 212W93, is a high-rise residential condominium project located in a dense urban area on the upper west side of Manhattan, New York in the US. The Urban Development Project is located on the upper west side of Manhattan at a dense urban area on the upper west side of Manhattan, New York in the US, with the locale being long established as the most prestigious neighbourhood in New York and home to some of the best schools in the region, both primary and secondary, public and private. The homes offer meticulous design and attention to detail usually reserved for penthouses, with fine appointments and significant outdoor space. The targeted buyers are ultra-luxury buyer segment, with one of the largest sources of demand for the project will be high net worth individuals, foreign buyers, and larger families. The Urban Development Project is expected to have slower sales absorption and puts the total timeline of the project at more than four years. On the other hand, save for two projects located in New York, namely the "Avara" project and the "Förena" project (the "**New York Projects**"), being condominium buildings located in New Jersey and Manhattan, New York, the remaining portion of the Group's US Property Development Business focus on building single family detached homes and attached homes in master planned communities in suburban and urban in-fill markets. The New York Projects are different to the Urban Development Project in terms of pricing, target segment, sales strategy and specification. In particular, the Urban Development Project is targeted for the ultra-luxury buyer segment, whilst the New York Projects are targeted for entry-level and move-up buyers.

The "Avara" project is a 184-unit condominium building located at 800 Avenue at Port Imperial, Weehawken, New Jersey, a new residential location for those seeking an urban location at lower cost. The "Avara" project is positioned to target the first time and move up home buyer, the amenities offered is comparable to projects in New York at lower price due to its location in Weehawken. The target buyers of the "Avara" project are entry-level buyers

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and first-time move-up buyer segment in New Jersey and New York markets, who choose to relocate to New Jersey to enhance their lifestyle at an affordable price. The “Avara” project is targeted with a return on capital over a two to three-year timeframe, with approximately 80% of the 184 units having been sold as at the Latest Practicable Date.

The “Förena” project is a 50 condominium units with ground floor retail space located in downtown of Manhattan at the 14th Street and 6th Avenue, New York in the US. The Förena project features a location that is inferior to the West Chelsea comparable condominiums but is ideal for those who are price sensitive. The Förena project is relatively boutique building and the plans lack the amenities that have become standard in the higher-end Manhattan condominium market. The target buyers of the “Förena” project are move-up buyer segment, including foreign households, urbanites from other cities seeking a New York area pied-à-terre, single and childless couple professional households, young families, and, in particular, those households who work in the nearby business and government locations, and serves as a viable option for professional households who are being priced out of alternative locations West Chelsea, or even in the more expensive areas downtown. It also targeted at young professional buyers in New York City that are seeking a more affordable and smaller unit. The “Förena” project is targeted with a return on capital over a two to three-year timeframe, and is under development as at the Latest Practicable Date.

Based on the aforesaid, the Company is of the view that the New York Projects are different from the Urban Development Project in terms of pricing, target segment, sales strategy and specification. Further, Landsea Homes held no project with features similar to the Urban Development Project as at the Latest Practicable Date. Accordingly, the Urban Development Project and the Group’s US Property Development Business is clearly differentiated to one another by the fact of their respective market positioning, with the Urban Development Project targeted for the ultra-luxury buyer segment, whilst other projects of the US Property Development Business being focused on entry-level and move-up products. In light of the difference between the Urban Development Project to the remaining portion of the Group’s US Property Development Business, the Urban Development Project is therefore not to be included in Landsea Homes for the purpose of the Merger and the Proposed Spin-off. Further, given that the Urban Development Project will continue to be held by LHC following completion of the Merger, the business and activities located in New York City, New York is carved out from the scope of competing business under the non-competition agreement.

GENERAL INFORMATION

Information of the Company

The Company is an investment holding company with its subsidiaries principally in the businesses of property development and sales in the PRC, management services and office property investment. Since 2004, the Group has been implementing a strategy of focusing on green product differentiation development, and its business has comprehensively covered major economic regions in the PRC as well as the main first-line gateway areas in the US.

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Information on LF Capital and Merger Sub

LF Capital is a blank check company formed under the laws of the State of Delaware of the US on 29 June 2017, whose units of have been listed on Nasdaq since 20 June 2018 with ticker symbol “LFACU” and whose LF Common Stock and public warrants began separately trading on 29 June 2018 under ticker symbols “LFAC” and “LFACW”, respectively. It was formed for the sole purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. Prior to its initial public offering, LF Capital’s efforts were limited to organizational activities as well as activities related to the offering. As at the Latest Practicable Date, LF Capital is an investment holding company and has no business operations. Upon Completion, LF Capital will serve as the publicly traded entity owning Landsea Homes, which will continue to operate US Property Development Business.

Set out below are the net profit (both before and after taxation) of LF Capital based on the audited consolidated accounts of LF Capital for the two financial years ended 31 December 2018 and 2019 as well as the unaudited financial statements for the six months ended 30 June 2020 prepared based on the United States Generally Accepted Accounting Principles:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020
	<i>US\$ (audited)</i>	<i>US\$ (audited)</i>	<i>US\$ (unaudited)</i>
(Loss)/Income before income tax expenses	904,033 (equivalent to approximately HK\$7,051,457)	2,447,690 (equivalent to approximately HK\$19,091,982)	(60,653) (equivalent to approximately HK\$(473,093))
(Loss)/Income after income tax expense	592,850 (equivalent to approximately HK\$4,624,230)	1,771,836 (equivalent to approximately HK\$13,820,321)	(199,929) (equivalent to approximately HK\$(1,559,446))

As at 30 June 2020, the unaudited total assets and the unaudited net assets of LF Capital amounted to approximately US\$141,456,123 (equivalent to approximately HK\$1,103,357,759) and US\$133,912,442 (equivalent to approximately HK\$1,044,517,048).

On 16 July 2020, LF Capital issued promissory note to the Sponsor, pursuant to which the Sponsor agreed to provide a working capital loan to LF Capital of up to US\$3.0 million (the “**Promissory Note**”). The Promissory Note shall be repaid on the earlier of (i) 31 December 2020 and (ii) the effective date of a merger, share exchange, asset acquisition, share purchase, reorganization or similar business combination, involving one or more businesses, without interest. On 16 July 2020, LF Capital were provided an advance of US\$1.0 million in loan proceeds pursuant to the Promissory Note which increased the principal balance of the Promissory Note to US\$1.0 million. For the purpose of the Merger and contingent upon

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Completion, the Sponsor has agreed to forgive all amounts owed under the Promissory Note for no consideration upon the consummation of the Merger. As at the latest public filing disclosure date, the outstanding amount of the Promissory Note amounted to US\$1.0 million.

Merger Sub is a company formed under the laws of the State of Delaware of the US and is a wholly-owned subsidiary of LF Capital as at the Latest Practicable Date. As at the date of the Latest Practicable Date, Merger Sub does not have any business operations.

Information on Landsea Homes

Landsea Homes is a corporation incorporated in the State of Delaware of the US, a wholly-owned subsidiary of the Company as at the Latest Practicable Date, and principally engaged in the US Property Development Business.

Set out below is the unaudited financial information of Landsea Homes (excluding the Urban Development Project) for the two financial years ended 31 December 2018 and 2019 as well as for the six months ended 30 June 2020 prepared based on the United States Generally Accepted Accounting Principles:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020
	<i>US\$ (unaudited)</i>	<i>US\$ (unaudited)</i>	<i>US\$ (unaudited)</i>
Net profit/(loss) before taxation	42,415,000 (equivalent to approximately HK\$330,837,000)	29,498,000 (equivalent to approximately HK\$230,084,400)	(29,984,000) (equivalent to approximately HK\$(233,875,200))
Net profit/(loss) after taxation	37,652,000 (equivalent to approximately HK\$293,685,600)	23,089,000 (equivalent to approximately HK\$180,094,200)	(22,421,000) (equivalent to approximately HK\$(174,883,800))

The unaudited net asset value of Landsea Homes (excluding the Urban Development Project) was approximately US\$510,461,000 (equivalent to approximately HK\$3,981,595,800) as at 30 June 2020. The total market value of the property interests held by Landsea Homes in the US that as set forth under Appendix V to this circular amounted to US\$311,840,000. The carrying amount of each property is above 1% of the Company's total asset as at 31 August 2020.

As at the Latest Practicable Date, Landsea Homes (excluding the Urban Development Project) has a total of 57 consolidated property projects with an aggregate GFA of 1,523,455 square meters, as well as 1 property project held through a joint venture in which Landsea Homes has invested in with an aggregate GFA of 31,776 square meters. There are 36 property projects located in Arizona, 20 property projects located in California and 2 property projects located in New York. All the property projects are currently held as inventory and to be

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developed for sales in the financial statements of Landsea Homes. All property projects are developed and/or developed into residential projects with selling area ranging from 64 square meters to 344 square meters per unit.

Information on LHC

LHC is a corporation incorporated in the State of Delaware of the US and is an indirect wholly-owned subsidiary of the Company, and is principally engaged in real estate development in the US.

REASONS FOR AND BENEFITS OF THE MERGER AND PROPOSED SPIN-OFF AND USE OF PROCEEDS

The Company consider that the Merger and Proposed Spin-off come with the following benefits:

- (a) it will allow the Group to unlock the fair value of its investment in the US Property Development Business on a stand-alone basis via the valuation of the Company's shareholding in LF Capital;
- (b) it will enable the Group to have a separate fund-raising platform and an enlarged shareholder base for the US Property Development Business under LF Capital, thereby enhancing the fund raising capability of the US Property Development Business;
- (c) it will provide investors, financial institutions and rating agencies with greater clarity on the operations and financial condition of the Landsea Homes Group and the Remaining Group on a stand-alone basis, which would help investors form their investment decisions with a better understanding of the operating results, financial condition, management, strategies, risks and returns of the Landsea Homes Group and the Remaining Group, respectively;
- (d) it will allow the Remaining Group to focus on the Remaining Business;
- (e) it will enable the Landsea Homes Group and the Remaining Group to build their separate corporate profiles, thereby increasing their ability to attract investors and cooperative partners for the further development of their respective businesses; and
- (f) Nasdaq is a known and reputable stock exchange. The merger of the US Property Development Business under a Nasdaq listed company will strengthen the reputation of Landsea Homes in the US which would in turn support its future business growth and fundraising capability within the US. This will also benefit the Company as a holding company of the Landsea Homes Group immediately after the Proposed Spin-off.

Following Completion, Landsea Homes will be an indirect non-wholly owned subsidiary of the Company. It is the long-term strategy of the Group to develop the Group's domestic homebuilding business in the US through Landsea Homes and it is expected that Landsea

LETTER FROM THE BOARD

Homes will remain a subsidiary of the Company. In the event that there is any change which may result in the Group ceasing to control Landsea Homes, the Company will comply with the applicable requirements of the Listing Rules as and when required.

Having considered the above, the Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee on pages 43 to 44 of this circular) are of the view that the terms of the Merger Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL IMPACT OF THE MERGER AND PROPOSED SPIN-OFF

As at the date of the 30 June 2020, Landsea Homes is a wholly-owned subsidiary of the Company. Appendix IV to this circular sets out certain unaudited pro forma financial information of the Group following the completion of the Merger and the Proposed Spin-off, which illustrates the financial effects of the Merger and Proposed Spin-off on the assets and liabilities of the Group assuming Completion had taken place on 30 June 2020. For the purpose of the unaudited pro forma financial information of the Group following the completion of the Merger and the Proposed Spin-off, and in addition to the assumptions that (i) there is no adjustment to the Merger Consideration; (ii) all outstanding Warrants have not been exercised and the terms of LF Capital's public Warrants have been amended to reduce the conversion ratio to one-tenth of a share of LF Common Stock pursuant to the Warrant Holder Approval; (iii) the transactions contemplated by the Merger Agreement and ancillary agreements thereto, including the Sponsor's Forfeiture and the Sponsor's Transfer, having been effectuated; (iv) there is no other change in the number of outstanding shares of LF Common Stock from the date of the Merger Agreement to the date of Completion; (v) 224,550 LF Common Stock were forfeited by the Sponsor and issued under the Forward Purchase Transaction; (vi) no holder of LF Common Stock redeems their shares of LF Common Stock; and (vii) the Sponsor having waived their right to convert the related party loan due from LF Capital to the Sponsor into warrants of LF Capital, it was also assumed that (a) the earn-out thresholds have not met for 1,000,000 shares of deferred LF Common Stock and 500,000 shares of which being held by each of Sponsor and LHC, given that they are subject to the valuation of the Class A Stock reaching certain thresholds during the twenty-four month period following the closing of the Merger; and (b) 1,125,698 shares of LF Common Stock being redeemed by certain holders of LF Common Stock after the date of the Merger Agreement upon the special meeting of stockholders of LF Capital on 17 September 2020 was not redeemed as at 30 June 2020, accordingly the Company, through LHC, will be interested in approximately 67.44% of the issued share capital of LF Capital; and Landsea Homes will be wholly-owned by LF Capital. Accordingly, Landsea Homes will cease to be a wholly-owned subsidiary of the Company and become a non-wholly owned subsidiary of the Company upon Completion.

As set out in Appendix IV to this circular, as a result of the Merger and Proposed Spin-off:

- (i) the total assets of the Group would increase from approximately RMB25,698 million to approximately RMB26,329 million;

LETTER FROM THE BOARD

- (ii) the total liabilities of the Group would increase from approximately RMB20,212 million to approximately RMB20,270 million due to inclusion of LF Capital's liabilities of public warrants and private placement warrants upon the Merger.

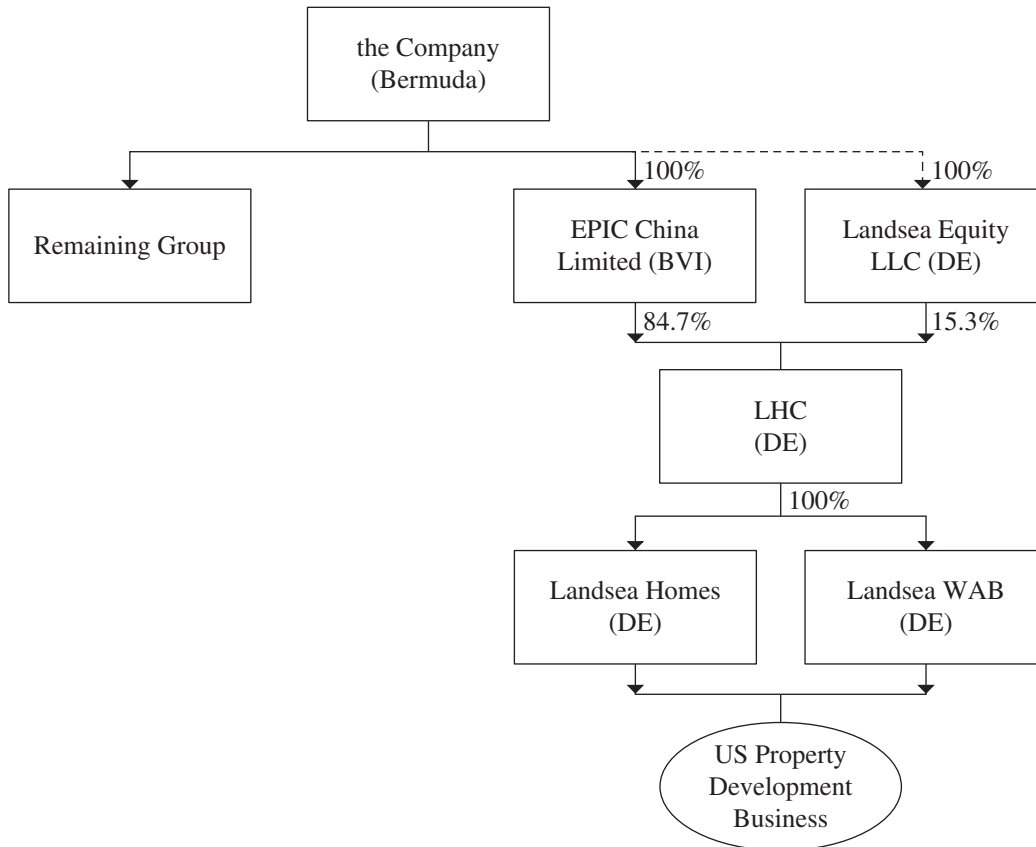
The Merger and Proposed Spin-off does not constitute a business combination under HKFRS 3 Business Combinations and will be accounted for in the Group's consolidated financial statements as a continuation of the financial statements of Landsea Homes, together with a deemed issue of shares by Landsea Homes for the acquisition of LF Capital. This deemed issue of shares by Landsea Homes will be accounted for as an equity-settled share-based payment transaction whereby Landsea Homes will be receiving the net assets of LF Capital, generally cash, together with the listing status of LF Capital. The difference between the fair value of the shares that are deemed to have been issued by Landsea Homes and the fair value of the net assets of LF Capital assuming Closing had taken place on 30 June 2020, will be expensed in profit or loss as listing expense of approximately from RMB540 million to RMB555 million based on the assumptions stated in the "MERGER AND PROPOSED SPIN-OFF — Merger Agreement — Subject Matter" as LF Capital's listing status does not qualify for recognition as an asset. Shareholders should note that the actual expense from the Merger and Proposed Spin-off of the Group to be recorded by the Company will depend on the final amount of fair value of Landsea Homes and the financial position of the LF Capital as at the date of Completion. In addition, preliminary estimated transaction costs incurred by the Group and LF Capital of approximately RMB135 million inclusive of advisory, banking, printing, legal, accounting and deferred underwriters' fees that are expected to be paid as a part of the Business Combination. Provided that existing employment agreements with certain Landsea executives contained a provision for accelerating vesting of phantom stock awards that will be triggered upon consummation of the Business Combination, additional RMB21 million will be expensed in profit or loss.

Shareholders should note that the aforesaid financial impact (i.e. a listing expense to be expensed in profit or loss of the Group) as a result of the Merger and Proposed Spin-off is assessed under HKFRS. If the assessment were to be made in accordance with generally accepted accounting principles in the United States ("US GAAP") or the generally accepted accounting principles in the PRC, the difference between the fair value of the shares that are deemed to have been issued by Landsea Homes and the fair value of the net assets of LF capital will be recorded as a reduction to equity and no impact will be resulted in the profit or loss of the Group. Despite that a listing expense will be expensed in profit or loss of the Group under HKFRS, Shareholders should note that no impact on the cash flow of the Group will be resulted due to the Merger and Proposed Spin-off and an amount of approximately US\$90,000,000 of cash will be recorded in the financial statements of the Group as a result of the Merger. Accordingly, the expenses to be incurred to the profit or loss of the Group as a result of the Merger and Proposed Spin-off will not have a material impact to the Group's net core profit.

LETTER FROM THE BOARD

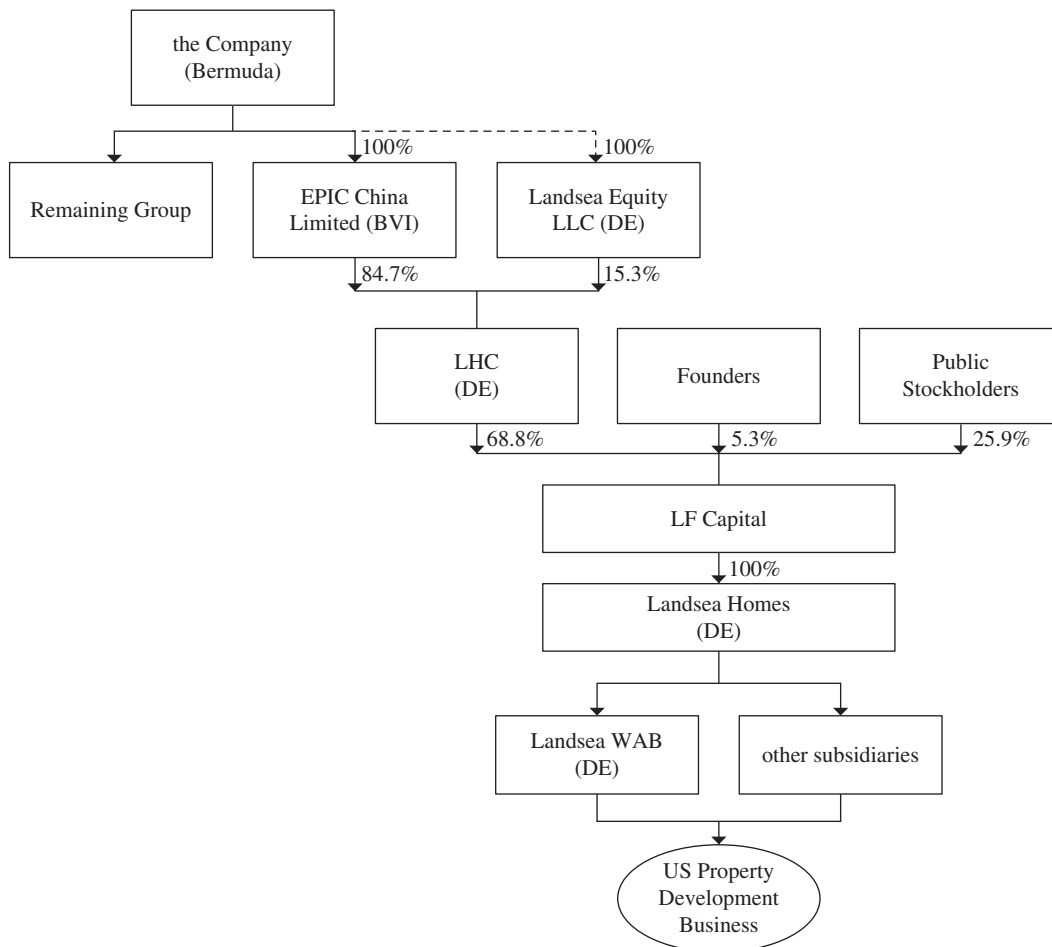
CORPORATE STRUCTURE OF THE GROUP

The following diagram is a simplified illustration of the corporate structure of the Group and the US Property Development Businesses as at the Latest Practicable Date:



LETTER FROM THE BOARD

The following diagram is a simplified illustration of the corporate structure of the Group and the US Property Development Businesses immediately upon completion of the Merger (assuming (i) there is no adjustment to the Merger Consideration; (ii) all outstanding Warrants have not been exercised and the terms of LF Capital’s public Warrants have been amended to reduce the conversion ratio to one-tenth of a share of LF Common Stock pursuant to the Warrant Holder Approval; (iii) the transactions contemplated by the Merger Agreement and ancillary agreements thereto, including the Sponsor’s Forfeiture and the Sponsor’s Transfer, having been effectuated; (iv) there is no other change in the number of outstanding shares of LF Common Stock from the date of the Merger Agreement to the date of Completion; (v) the earn-out thresholds have been met for 1,000,000 shares of deferred LF Common Stock and 500,000 shares of which being held by each of Sponsor and LHC; (vi) 224,550 LF Common Stock were forfeited by the Sponsor and issued under the Forward Purchase Transaction; (vii) save for 1,215,698 shares of LF Common Stock having been redeemed by certain holders of LF Common Stock after the date of the Merger Agreement, no other holder of LF Common Stock redeems their shares of LF Common Stock; and (viii) the Sponsor having waived their right to convert the related party loan due from LF Capital to the Sponsor into warrants of LF Capital):



LETTER FROM THE BOARD

ASSURED ENTITLEMENT

Under Paragraph 3(f) of PN15, a listed issuer is required to have due regard to the interests of its existing shareholders by providing them with an Assured Entitlement.

As aforesaid, LF Capital is a company whose LF Common Stock, public warrants and units are listed on Nasdaq with ticker symbols “LFAC”, “LFACW” and “LFACU”, respectively. The Proposed Spin-off does not involve a new listing application of LF Capital and there will not be any public offering of new LF Common Stock. If LF Capital were to facilitate preferred application for new LF Common Stock by the shareholders of the Company, it would necessitate a substantial change to the US securities law compliance regime contemplated by the parties. If LF Capital was required to extend the offering to the shareholders of the Company, this will be deemed to be a public offering under US laws given the potentially large number of offerees and be subject to additional regulatory registration requirements which would not otherwise be relevant to the Merger. Accordingly, such sale of LF Common Stock would be subject to regulatory registration requirements with the United States Securities and Exchange Commission which could further delay the Proposed Spin-off as well as result in the addition of significant costs taking into account the compliance with US securities laws and jurisdictional compliance requirements in other countries where some shareholders of the Company are from in connection with such offer.

Further, given LF Capital will not have scrip shares and the shares issued to any investor will be by way of a book entry system in the US, shareholders of the Company would have to coordinate with US securities firms which either have an account directly with the book entry settlement system or have an arrangement in place with a firm that has an account with such settlement system. To coordinate shareholders to establish such accounts in order to participate in any such offering or distribution in specie of LF Common Stock and taking into account possible jurisdictional compliance requirements in other countries where some shareholders of the Company are from in connection with such distribution in specie, the process to verify the identities and shareholdings of such large number of shareholders would as a whole be unduly burdensome to the Company.

Having considered the above, the Board does not believe that the requirement to provide the Assured Entitlement is practicable in the circumstances nor in the interest of the Shareholders as a whole. To do so would incur significant delay to the proposed timetable and substantial costs to be incurred in order to process such arrangements. This would result in the loss of an opportunity to secure what the Company believes to be a transaction which would be in the best interest of the Company and the Shareholders as a whole.

Accordingly, the Company proposes to put forth a resolution to Shareholders at the SGM to waive the Assured Entitlement under the Proposed Spin-off and the controlling Shareholders will abstain from voting on such resolution.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

The Merger constitutes a spin-off of the Company which is subject to the applicable requirements in PN15. The Company has submitted a proposal in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

As one or more applicable percentage ratios under the Listing Rules in respect of the Merger and the Proposed Spin-off exceed 25% and all applicable percentage ratios under the Listing Rules in respect of the Merger and the Proposed Spin-off are below 75% (in the case for the disposal of equity interests in Landsea Homes) or 100% (in the case for the acquisition of equity interests in LF Capital), the Merger and the Proposed Spin-off constitute a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Merger and the Proposed Spin-off are subject to, among other things, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and 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 Merger and the Proposed Spin-off. As such, no Shareholder (save that the controlling Shareholders are required to abstain from voting on the resolution to waive the Assured Entitlement) is required to abstain from voting if a general meeting were convened to approve the Merger and the Proposed Spin-off. As at the Latest Practicable Date, (i) Greensheid is wholly-owned by Landsea International; (ii) Landsea International is wholly-owned by Landsea Group Co., Ltd., which is in turn owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian, and as to 15.85% by Mr. Tian; and (iii) Easycorps is a company wholly and beneficially owned by Mr. Tian. Each of Mr. Tian Ming, Greensheid, Landsea International and Easycorps held 8,901,500 Shares, 1,997,961,187 Shares, 367,914,894 Shares and 361,493,785 Shares respectively, together representing approximately 57.95% of the issued share capital of the Company as at the Latest Practicable Date giving the right to attend and vote at general meetings of the Company, for the Merger and the Proposed Spin-off in accordance with Rule 14.44 of the Listing Rules. As at the Latest Practicable Date, the Company has obtained written approval from each of Mr. Tian Ming, Greensheid, Landsea International and Easycorps in lieu of holding a general meeting of the Company.

WAIVER RELATING TO CERTAIN FINANCIAL DISCLOSURE REQUIREMENTS

Rule 14.67(6)(a)(i) of the Listing Rules requires a listed issuer to include, among others, an accountants' report on the company being acquired in accordance with Chapter 4 of the Listing Rules (the "LF Capital Accountants' Report") in the circular issued in relation to a major transaction.

LETTER FROM THE BOARD

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the disclosure requirements under Rule 14.67(6)(a)(i) of the Listing Rules on the following grounds:

- (a) LF Capital is what is commonly referred to as a “blank check” company with no current business operations, pending its acquisition of the Landsea Homes Group, and assets that consist almost entirely of cash and cash equivalents and marketable securities held in trust account. LF Capital therefore has no substantive business operations that are relevant to the Company’s principal business activities. The Directors are therefore of the view that the only financial information of LF Capital that is meaningful to the Shareholders for assessing the impact of the Merger and the Proposed Spin-off is the amount of cash and cash equivalents and marketable securities held in trust account on the balance sheet of LF Capital, which is reflected in the unaudited pro form consolidated financial position of the Group following the completion of the Merger and the Proposed Spin-off as set forth in Appendix IV to this circular;
- (b) LF Capital is a company listed on Nasdaq, and it publishes its financial information on a regular basis pursuant to applicable laws and regulations. Such financial information can be easily obtained by the Shareholders and will enable them and the investing public to make a properly informed assessment of LF Capital’s historical financial performance;
- (c) it is impracticable to gain full access to the underlying books and records or other financial information of LF Capital for the preparation of the financial information of LF Capital for the relevant financial years in compliance with the requirements of Rule 14.67(6)(b)(i) of the Listing Rules prior to completion of the Merger;
- (d) LF Capital’s financial statements are prepared in accordance with US GAAP. LF Capital’s auditors issued a clean opinion on the audited financial statements. LF Capital’s auditors are RSM LLP, a firm of accountants with international name and reputation, and are registered under the applicable laws of the United States. The Company’s financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”);
- (e) given that the historical financial information of LF Capital is not meaningful to the Shareholders for assessing the impact of the Merger and the Proposed Spin-off, and LF Capital and the Company have adopted different financial reporting standards, it is unduly burdensome for the Company to engage internal and external resources to prepare an accountants’ report on LF Capital as required under Rule 14.67(6)(a)(i) of the Listing Rules in light of the substantial time and costs required; and

LETTER FROM THE BOARD

- (f) in replacement of the LF Capital Accountants' Report prepared in accordance with HKFRS, the following disclosures have been included in this circular:
- (i) the published audited financial information on LF Capital for the year ended 31 December 2017, 2018 and 2019 and the published reviewed financial information on LF Capital for the six months ended 30 June 2020 prepared in accordance with US GAAP as set forth in Appendix II to this circular;
 - (ii) the management discussion and analysis of the financial information of LF Capital as set forth in Appendix III to this circular; and
 - (iii) a line-by-line reconciliation of the financial statements of LF Capital for the period/year ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 to address the differences in LF Capital's financial statements had they been prepared in accordance with the Company's accounting policies under HKFRS, with explanations of the differences (the "**Reconciliation**"). The Company's auditors, PricewaterhouseCoopers, will conduct work on the Reconciliation in accordance with the Hong Kong Standard of Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by HKICPA, as set forth in Appendix II to this circular.

In view of the above, the Directors are of the view that the published financial information of LF Capital reproduced in this circular, when taken together with the related management discussion and analysis and the Reconciliation, will give Shareholders all information necessary to assess the financial performance of LF Capital through the periods presented, such information being broadly commensurate in all material aspects to the disclosure that would otherwise have been provided if an accountant's report on LF Capital had been produced under Rule 14.67(6)(a)(i) of the Listing Rules.

SGM

A notice convening the SGM, at which the resolutions to seek Independent Shareholders' approval for the waiver of the Assured Entitlement under PN15 in respect of the Proposed Spin-off shall be proposed, is set out in pages SGM-1 to SGM-2 of this circular. The SGM will be held at 4:00 p.m. on Thursday, 7 January 2021 or any adjournment thereof.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, no Shareholder or his or her associates has any material interest in the Merger and Proposed Spin-off and the transactions contemplated thereunder and therefore, no Shareholder is required to abstain from voting for the resolutions to be proposed at the SGM. Mr. Tian Ming, Greensheid, Landsea International and Easycorps which held 8,901,500 Shares, 1,997,961,187 Shares, 367,914,894 Shares and 361,493,785 Shares, collectively being the controlling Shareholders, holding approximately 57.95% of the issued share capital of the Company as at the Latest Practicable Date will abstain from voting in relation to the resolutions approving the waiver of the Assured Entitlement requirement.

LETTER FROM THE BOARD

Where a Shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

A form of proxy for use at the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, as soon as practicable but in any event not later than 48 hours before the time appointed for holding of the SGM or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish and in such event, the proxy shall be deemed to be revoked.

For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Monday, 4 January 2021 to Thursday, 7 January 2021, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the SGM, all transfers accompanied by the relevant share certificates must be lodged with the Hong Kong share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 31 December 2020.

RECOMMENDATION

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng, has been established to advise the Independent Shareholders in respect of the terms and conditions of the Merger, the Proposed Spin-off and the transactions contemplated thereunder.

Trinity Corporate Finance Limited has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the Merger, the Proposed Spin-off and the transactions contemplated thereunder.

The Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee on pages 43 to 44 of this circular) are of the opinion that even though the entering into of the Merger Agreement is not in the ordinary and usual course of the business of the Group, the Merger, the Proposed Spin-off and the transactions contemplated thereunder are entered into on normal commercial terms, and the terms and conditions of the Merger Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of all resolutions to be proposed at the SGM in connection with the Merger and the transactions contemplated thereunder and the Proposed Spin-off.

LETTER FROM THE BOARD

The text of the letter from Independent Board Committee is set out on pages 43 to 44 of this circular and the text of the letter from the Independent Financial Adviser containing its advice is set out on pages 45 to 81 of this circular.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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



LANDSEA GREEN PROPERTIES CO., LTD.

朗詩綠色地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

To the Independent Shareholders

21 December 2020

Dear Sir or Madam,

**(1) MAJOR TRANSACTION IN RELATION TO THE MEMBER
(2) PROPOSED SPIN-OFF AND SEPARATE LISTING
OF LANDSEA HOMES INCORPORATED
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

We refer to the circular issued by the Company to the Shareholders dated 21 December 2020 (the “**Circular**”) of which this letter forms part. Unless the context otherwise defines terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed as members of the Independent Board Committee to advise the Shareholders on whether the terms of the Merger, the Proposed Spin-off and the transactions contemplated thereunder the Merger Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

We wish to draw your attention to the letter from the Board as set out on pages 6 to 42 and the letter from the Independent Financial Adviser as set out on pages 45 to 81 of the Circular respectively.

Having considered the principal factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice, we consider that even though the entering into of the Merger Agreement is not in the ordinary and usual course of the business of the Group, the Merger, the Proposed Spin-off and the transactions contemplated thereunder are entered into on normal commercial terms, and the terms and conditions of the Merger Agreement are fair and reasonable and in the interests of the Company and the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Shareholders as a whole and therefore advise the Shareholders to vote in favour of the resolutions in relation to the Merger Agreement and the transactions contemplated thereunder if a general meeting were convened to approve the Merger and the Proposed Spin-off.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Landsea Green Properties Co., Ltd.

Mr. Xu Xiaonian

Mr. Chen Tai-yuan
Independent non-executive directors

Mr. Rui Meng

TRINITY

Trinity Corporate Finance Limited
Unit 05, 29/F
50 Wong Chuk Hang Road
Hong Kong

21 December 2020

*To the Independent Board Committee and the Independent Shareholders of
Landsea Green Properties Co., Ltd.*

Dear Sirs,

**(1) MAJOR TRANSACTION IN RELATION TO THE MERGER
AND
(2) PROPOSED SPIN-OFF AND SEPARATE LISTING OF
LANDSEA HOMES INCORPORATED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Merger, the Proposed Spin-off and the transactions contemplated thereunder, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) in the Company’s circular dated 21 December 2020 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

On 31 August 2020 (US time), Landsea Homes and LHC entered into the conditional Merger Agreement with LF Capital and Merger Sub in relation to the Merger. The transactions contemplated under the Merger Agreement involve the merger of Merger Sub with and into Landsea Homes with Landsea Homes surviving the Merger. Following the Merger, Landsea Homes will become a wholly-owned subsidiary of LF Capital, a special purpose acquisition company, the LF Common Stock, public warrants and units of which are listed on Nasdaq.

The Merger constitutes a spin-off of the Company which is subject to the applicable requirements in PN15. The Company has submitted a proposal in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off.

The Board does not believe that the requirement to provide the Assured Entitlement is practicable in the circumstances nor in the interest of the Shareholders as a whole. To do so would incur significant delay to the proposed timetable and substantial costs to be incurred in order to process such arrangements. This would result in the loss of an opportunity to secure what the Company believes to be a transaction which would be in the best interest of the Company and the Shareholders as a whole. Accordingly, the Company proposes to put forth a resolution to Shareholders at the SGM to waive the Assured Entitlement under the Proposed

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Spin-off and the controlling Shareholders will abstain from voting on such resolution. Further details regarding the background of the Assured Entitlement are set out in the Letter from the Board contained in the Circular.

As one or more applicable percentage ratios under the Listing Rules in respect of the Merger and the Proposed Spin-off exceed 25% and all applicable percentage ratios under the Listing Rules in respect of the Merger and the Proposed Spin-off are below 75% (in the case for the disposal of equity interests in Landsea Homes) or 100% (in the case for the acquisition of equity interests in LF Capital), the Merger and the Proposed Spin-off constitute a major transaction for the Company under Chapter 14 of the Listing Rules. Accordingly, the Merger and the Proposed Spin-off are subject to, among other things, the approval of the Shareholders under paragraph 3(e)(1) of PN15 and 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 Merger and the Proposed Spin-off. As such, no Shareholder (save that the controlling Shareholders are required to abstain from voting on the resolution to waive the Assured Entitlement) is required to abstain from voting if a general meeting were convened to approve the Merger and the Proposed Spin-off. As at the Latest Practicable Date, (i) Greensheid is wholly-owned by Landsea International; (ii) Landsea International is wholly-owned by Landsea Group Co., Ltd., which is in turn owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd., a company wholly and beneficially owned by Mr. Tian, and as to 15.85% by Mr. Tian; and (iii) Easycorps is a company wholly and beneficially owned by Mr. Tian. Each of Mr. Tian Ming, Greensheid, Landsea International and Easycorps held 8,901,500 Shares, 1,997,961,187 Shares, 367,914,894 Shares and 361,493,785 Shares respectively, together representing approximately 57.95% of the issued share capital of the Company as at the Latest Practicable Date giving the right to attend and vote at general meetings of the Company, for the Merger and the Proposed Spin-off in accordance with Rule 14.44 of the Listing Rules. As at the Latest Practicable Date, the Company has obtained written approval from each of Mr. Tian Ming, Greensheid, Landsea International and Easycorps in lieu of holding a general meeting of the Company.

The Company has established the Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Xu Xiaonian, Mr. Chen Tai-yuan and Mr. Rui Meng, to advise the Independent Shareholders in respect of the terms and conditions of the Merger, the Proposed Spin-off and the transactions contemplated thereunder. We, Trinity Corporate Finance Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, Trinity Corporate Finance Limited did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as a hindrance to the independence of Trinity Corporate Finance Limited as defined under Rule 13.84 of the Listing Rules. In the last two years, there have been no engagements between the Company and Trinity Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other party to this transaction, therefore we consider such relationship would not affect our independence.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the accuracy of the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, the Directors and the management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true as at the Latest Practicable Date and should there be any material changes to our opinion after the despatch of the Circular and up to the date of the SGM, Shareholders would be notified as soon as practicable.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We have not conducted any independent in-depth investigation into the business and affairs of the Group or any parties involved in this transaction, nor have we carried out any independent verification of the information supplied.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Merger, the Proposed Spin-off and the transactions contemplated thereunder and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes other than our role as the Independent Financial Adviser, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Merger, the Proposed Spin-off and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:

A. Background and Financial Information of the Company

The Company is an investment holding company with its subsidiaries principally in the businesses of property development and sales in the PRC, management services and office property investment. Since 2004, the Group has been implementing a strategy of focusing on green product differentiation development, and its business has comprehensively covered major economic regions in the PRC as well as the main first-line gateway areas in the US.

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The following table is a summary of the consolidated statement of comprehensive income and consolidated balance sheet of the Group for the three years ended 31 December 2017, 2018 and 2019 respectively, as extracted from the annual reports of the Company.

<i>(In RMB'000)</i>	For the year ended/as at 31 December 2017 (Audited)	For the year ended/as at 31 December 2018 (Audited)	For the year ended/as at 31 December 2019 (Audited)
Revenue <i>(note)</i>	6,213,931	7,560,526	8,712,893
Profit before income tax <i>(note)</i>	1,127,411	2,261,739	2,011,955
Profit for the year	720,841	1,440,570	1,498,134
Profit for the year attributable to the shareholder of the Company	580,523	1,112,774	1,171,943
Total assets	20,320,501	26,775,274	25,842,208
Total liabilities	(16,622,438)	(22,014,379)	(19,737,977)
Equity attributable to the shareholder of the Company/Net asset value	3,491,941	4,383,555	5,298,698

Note: Including continuing and discontinued operations.

As set out in the Company's annual report for the year ended 31 December 2019, the Group's profit for the year amounted to RMB1.5 billion, representing an increase of 4.0% as compared to the preceding year; the net core profit amounted to RMB1.41 billion, representing an increase of 11.4% as compared with the corresponding period of the preceding year; the development management service fee income from independent third parties or cooperative partners amounted to approximately RMB1.05 billion, and the profit after tax for development services was approximately RMB360 million, which is basically the same as the preceding year. In addition, for the year ended 31 December 2019, the Group recorded contracted sales of approximately RMB40.5 billion, with contracted gross floor areas of approximately 2.34 million square meters. In 2019, the Group acquired a total of 33 projects, including 24 projects in the PRC and 9 projects in US.

In first half of 2019, the Group adjusted its strategies and tactics, segregating the loss-making business of long-term rental apartments as well as non-property development-related businesses, with a view to focusing on development and management of green technology and property to become a green property expert with a clear business line. The Group continued to firmly implement its strategy of "product-differentiation, asset-light transformation and revenue-diversification" for transformation and upgrade. The Company experienced the year of operational efficiency in 2019 with continuous improvement in its operational efficiency. Its research and development capabilities of green building products have continued to upgrade.

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In respect of the real estate development services business in China, the Company is making steady progress. In 2019, the Company obtained 21 projects in Beijing, Hangzhou, Chengdu, Chongqing, Wuhan, Xi'an, Kaifeng, Zhongshan, Suzhou, Wuxi, Changshu and other cities, with a total output value of RMB47.3 billion and a saleable area of 2.54 million square meters. The Group went deep into the national layout and settled in Zhongshan in April 2019 to formally enter the Greater Bay Area, setting a solid pace for the strategic layout of South China. The Group's real estate fund platform focuses on the investment in inventory assets and asset management in the core cities and has integrated the entire workflow of "financing, investment, management, exiting" of real estate funds, allowing it to carry out various innovative exploration and secure projects through different means including acquisition and merger of assets and equity and distressed assets package. As at 31 December 2019, the Group's real estate fund platform managed assets of approximately RMB11.6 billion, firmly supporting the development of the Group's core business.

In respect of the property development business in the US, since entering into the US market in 2013, the Group has always implemented the localization strategy clearly from the four dimensions of local market, local resources, local customers and local teams. The Company has successively tapped into the Greater New York area, Boston area, Los Angeles area, San Francisco area, and Arizona area to explore the mid-to-high-end residential market. At the same time, the Company has also reviewed the situation and set its sights on markets with better growth and rigid demand. During the year ended 31 December 2019, the Group acquired Pinnacle West Home in Phoenix, and developed 15 communities in four major urban areas in Arizona, with a total of more than 1,150 plots. Through this acquisition, the Group completed the strategic layout of the five major US metropolitan areas, not only optimizing the product portfolio in the US market, but also expanding the territory of the US business with a strong attitude, which is beneficial to its performance in the US market. The Company secured 9 projects in cities including Phoenix, with an additional saleable area of 302,000 square meters and expected saleable value of approximately RMB4.01 billion. As at 31 December 2019, the Group realised income from sales of properties and land in the US of approximately RMB4.35 billion, representing an increase of 72.2% as compared with preceding year. The recognised sales gross area was 194,000 square meters.

The Group has been continuously improving the research and development and innovation capabilities of green differentiated products. Such leading series featuring humanization, intelligence and independent intellectual property rights will be promoted and applied in more than ten projects across the country in 2020 to further strengthen the product's competitive advantage. In the wake of the outbreak of COVID-19 taken place at the beginning of 2020, consumers have become more concerned about the relationship between health and architecture and more meticulous in respect of the said aspect. Adhering to its "excellency-oriented" product philosophy, the Group strives for "excelling" in differentiated products in addition to its main-stream products and accordingly provides a living experience that is "healthy, enjoyable, energy saving, environmentally friendly, smart and human-oriented."

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B. Background and Financial Information of the Relevant Parties

(i) LF Capital and Merger Sub

LF Capital is a blank check company formed under the laws of the State of Delaware of the US on 29 June 2017, whose units of have been listed on Nasdaq since 20 June 2018 with ticker symbol “LFACU” and whose LF Common Stock and public warrants began separately trading on 29 June 2018 under ticker symbols “LFAC” and “LFACW”, respectively. It was formed for the sole purpose of entering into a merger, share exchange, asset acquisition, stock purchase, recapitalization, reorganization or other similar business combination with one or more businesses or entities. Prior to its initial public offering, LF Capital’s efforts were limited to organizational activities as well as activities related to the offering. As at the Latest Practicable Date, LF Capital is an investment holding company and has no business operations. Upon Completion, LF Capital will serve as the publicly traded entity owning Landsea Homes, which will continue to operate US Property Development Business.

Set out below are the net profit (both before and after taxation) of LF Capital based on the audited consolidated accounts of LF Capital for the two financial years ended 31 December 2018 and 2019 as well as the unaudited financial statements for the six months ended 30 June 2020 prepared based on the United States Generally Accepted Accounting Principles:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020
	<i>US\$</i> (audited)	<i>US\$</i> (audited)	<i>US\$</i> (unaudited)
(Loss)/Income before income tax expenses	904,033 (equivalent to approximately HK\$7,051,457)	2,447,690 (equivalent to approximately HK\$19,091,982)	(60,653) (equivalent to approximately HK\$(473,093))
(Loss)/Income after income tax expense	592,850 (equivalent to approximately HK\$4,624,230)	1,771,836 (equivalent to approximately HK\$13,820,321)	(199,929) (equivalent to approximately HK\$(1,559,446))

As at 30 June 2020, the unaudited total assets and the unaudited net assets of LF Capital amounted to approximately US\$141,456,123 (equivalent to approximately HK\$1,103,357,759) and US\$133,912,442 (equivalent to approximately HK\$1,044,517,048).

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For the shareholding structure of LF Capital as at the most recent public disclosure date and immediately upon Completion and post-Completion, please refer to the Letter from the Board for details.

Merger Sub is a company formed under the laws of the State of Delaware of the US and is a wholly-owned subsidiary of LF Capital as at the Latest Practicable Date. As at the date of the Latest Practicable Date, Merger Sub does not have any business operations.

(ii) Landsea Homes

Landsea Homes is a corporation incorporated in the State of Delaware of the US, a wholly-owned subsidiary of the Company as at the Latest Practicable Date, and principally engaged in the US Property Development Business.

Set out below is the unaudited financial information of Landsea Homes (excluding the Urban Development Project) for the two financial years ended 31 December 2018 and 2019 as well as for the six months ended 30 June 2020 prepared based on the United States Generally Accepted Accounting Principles:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
	(unaudited)	(unaudited)	(unaudited)
Net profit/(loss) before taxation	42,415,000 (equivalent to approximately HK\$330,837,000)	29,498,000 (equivalent to approximately HK\$230,084,400)	(29,984,000) (equivalent to approximately HK\$(233,875,200))
Net profit/(loss) after taxation	37,652,000 (equivalent to approximately HK\$293,685,600)	23,089,000 (equivalent to approximately HK\$180,094,200)	(22,421,000) (equivalent to approximately HK\$(174,883,800))

The unaudited net asset value of Landsea Homes (excluding the Urban Development Project) was approximately US\$510,461,000 (equivalent to approximately HK\$3,981,595,800) as at 30 June 2020. The total market value of the property interests held by Landsea Homes in the US that as set forth under Appendix V to the Circular amounted to US\$311,840,000. The carrying amount of each property is above 1% of the Company's total asset as at 31 August 2020.

As at the Latest Practicable Date, Landsea Homes (excluding the Urban Development Project) has a total of 57 consolidated property projects with an aggregate GFA of 1,523,455 square meters, as well as 1 property project held through a joint venture in which Landsea Homes has invested in with an aggregate GFA of 31,776 square meters. There are 36 property projects located in Arizona, 20

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property projects located in California and 2 property projects located in New York. All the property projects are currently held as inventory and to be developed for sales in the financial statements of Landsea Homes. All property projects are developed and/or developed into residential projects with selling area ranging from 64 square meters to 344 square meters per unit.

(iii) LHC

LHC is a corporation incorporated in the State of Delaware of the US and is an indirect wholly-owned subsidiary of the Company, and is principally engaged in real estate development in the US.

C. Principal Terms of the Merger Agreement

As mentioned in the Letter from the Board, on 31 August 2020 (US time), Landsea Homes and LHC entered into the conditional Merger Agreement with LF Capital and Merger Sub in relation to the Merger.

The transactions contemplated under the Merger Agreement involve the merger of Merger Sub with and into Landsea Homes with Landsea Homes surviving the Merger. Following the Merger, Landsea Homes will become a wholly-owned subsidiary of LF Capital, a special purpose acquisition company, the LF Common Stock, public warrants and units of which are listed on Nasdaq.

Date: 31 August 2020 (US time)

Parties:

- (1) Landsea Homes
- (2) LHC
- (3) LF Capital
- (4) Merger Sub

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, LF Capital and Merger Sub and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Each of Landsea Homes and LHC is an indirect wholly-owned subsidiary of the Company as at the Latest Practicable Date.

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Subject matter: Merger

On the terms and subject to the conditions of the Merger Agreement, Landsea Homes and Merger Sub shall cause the Merger to be consummated by filing a certificate of merger with the Secretary of State of the State of Delaware, in accordance with the applicable provisions of the General Corporation Law of the State of Delaware (the time of such filing, or such later time as may be agreed in writing by Landsea Homes and LF Capital and specified in the certificate merger, being the “**Merger Effective Time**”).

At the Merger Effective Time, Merger Sub shall be merged with and into Landsea Homes, following which the separate corporate existence of Merger Sub shall cease and Landsea Homes shall continue as the surviving corporation after the Merger and as a direct, wholly-owned subsidiary of LF Capital. Upon consummation of the Merger, all the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of Merger Sub and Landsea Homes shall become the property, rights, privileges, agreements, powers and franchises, debts, liabilities, duties and obligations of the surviving corporation, which shall include the assumption by the surviving corporation of any and all agreements, covenants, duties and obligations of Merger Sub and Landsea Homes set forth in the Merger Agreement to be performed after the Merger Effective Time.

At the Merger Effective Time, the certificate of incorporation and bylaws of the surviving corporation shall be amended to read the same as the certificate of incorporation and bylaws of Landsea Homes as in effect immediately prior to the Merger Effective Time, except that the name of the surviving corporation shall be “Landsea Homes US Corporation”. Further, the directors and officers of Landsea Homes shall become the directors and officers of the surviving corporation.

Immediately upon Completion,

- (i) LF Capital will own 100% of the equity interests in Landsea Homes and will own all of Landsea Homes’ operating assets and intangible assets (including intellectual property rights) required for the operation of the US Property Development Business;
- (ii) subject to the assumptions as set forth under the paragraph headed “Shareholding structure of LF Capital — (a) Immediately upon Completion” as set out in the Letter from the Board, the Company will, through its wholly-owned subsidiary, LHC, receive the Merger Consideration, in the form of LF Common Stock, representing:
 - a. a minimum of approximately 68.8% of the enlarged equity interest in LF Capital upon Completion; and

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- b. a maximum of approximately 71.2% of the enlarged equity interest in LF Capital upon Completion on a fully-diluted basis assuming that a maximum of 1,623,379 shares of LF Common Stock having been redeemed by other holders of LF Common Stock prior to Completion, being the maximum amount in order for LF Capital to retain an amount (after transaction costs) of cash of at least US\$90,000,000 in its trust account as one of the conditions to completion of the Merger Agreement; and
- (iii) Landsea Homes will be an indirect non-wholly owned subsidiary of the Company.

Consideration for the Merger:

As stated in the Letter from the Board, in consideration for the Merger, each share of Landsea Homes Common Stock (other than the Landsea Homes Common Stock held in the treasury of Landsea Homes or owned by LF Capital, Merger Sub or Landsea Homes immediately prior to the Merger Effective Time) issued and outstanding immediately prior to the Merger Effective Time will be cancelled and automatically deemed for all purposes to represent the right to receive the Merger Consideration, being an aggregate of 32,557,303 shares of LF Common Stock.

The Merger Consideration is US\$343,805,119.68 (equivalent to approximately HK\$2,681,679,933), which shall be payable in the form of shares of LF Common Stock. The Merger Consideration, when compared to the unaudited net asset value of Landsea Homes as at 30 June 2020 in the amount of US\$510,461,000, represents a deficit of US\$166,655,880.32.

The number of shares of LF Common Stock to be issued to LHC i.e. 32,557,303 shares of LF Common Stock, was calculated by dividing the Merger Consideration, i.e. US\$343,805,119.68 (equivalent to approximately HK\$2,681,679,933) by US\$10.56, being the average closing price per share of LF Common Stock over the five business days following the first public announcement in relation to the Merger on 31 August 2020. The number of shares of LF Common Stock that LHC will receive as a result of the Merger shall be adjusted to reflect appropriately the effect of any stock split, split-up, reverse stock split, stock dividend or distribution (including any dividend or distribution of securities convertible into LF Common Stock), extraordinary cash dividend, reorganization, recapitalization, reclassification, combination, exchange of shares or other like change with respect to LF Common Stock prior to Completion.

Determination of the Merger Consideration

The Merger Consideration was determined following arm's length negotiation among the parties to the Merger Agreement by multiplying the estimated tangible book value ("**TBV**") (i.e. net asset value minus goodwill and minus a trademark value accounted for in the other asset account), of Landsea Homes as of 30 June 2020 in the amount of approximately US\$484 million (equivalent to approximately HK\$3,751 million) (the "**Estimated TBV**") by an agreed price-to-tangible book value multiple of 0.84x (the "**Agreed P/TBV Multiple**"), which gives the agreed implied equity value of approximately US\$407 million (equivalent to approximately HK\$3,151 million) (the "**Agreed EV**") and then applying a discount of US\$64 million (the "**Agreed Discount**").

Also, as disclosed in the Letter from the Board, the Agreed P/TBV Multiple was agreed upon arm's length negotiation between LHC and LF Capital taking into consideration that Landsea Homes is relatively small in terms of size and scale and the limited operating history as compared to other US listed homebuilders. The Agreed P/TBV Multiple has also taken into consideration of a sponsor's promote of approximately US\$24 million, which is a typical promote receivable by the sponsor and customary for any transaction with a special purpose acquisition company in the US and, according to the Letter from the Board, typically equals to an amount of approximately 20% of the size of the fund raised in the initial listing of the particular special purpose acquisition company involved and subject to negotiation between the parties to the merger and the number of new shares to be issued. Accordingly, a mark-down from 1.0x to 0.84x was agreed.

The Agreed Discount represents a discount of approximately 15% of the Agreed EV. The Agreed Discount was agreed with LF Capital after taking into account the potential fluctuation of market conditions and uncertainty for the long period between the date of the Merger Agreement and Completion as well as to induce potential investors' interest in Landsea Homes.

According to the Letter from the Board, in determining whether the Merger Consideration is fair and reasonable, the parties to the Merger Agreement also took into consideration of other relevant market-based valuation metrics of selected public homebuilder comparable companies (the "**Comparable Companies**"). These valuation metrics included the price to earnings ("**P/E**"), enterprise value (i.e. the public equity market capitalization plus net debt) to EBITDA ("**EV/EBITDA**"), enterprise value to inventories ("**EV/Inventories**") and price-to-tangible book value ("**P/TBV**") multiples. For further details as to the analysis conducted on the relevant valuation metrics of the Comparable Companies, please refer to the paragraph headed "Comparable Companies Analysis adopted by the Company for negotiation and consideration of the Merger Consideration" below.

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Comparable Companies Analysis adopted by the Company for negotiation and consideration of the Merger Consideration

We noted from the Letter from the Board that the Comparable Companies adopted by the Company for the purpose of commercial negotiation, which includes six companies, were selected only for the use of conducting market analysis to determine the Merger Consideration (among other factors), of which the selection criteria is different from that of our Selected Comparable Companies as defined in the section headed “G. Selected Comparable Companies Analysis” below.

Our list of Selected Comparable Companies, which are based on price-to-book ratio (“**P/B Ratio**”) analysis (for the reasons stated under the section headed “G. Selected Comparable Companies Analysis” below), are independently selected for the purpose of assessing whether or not the Merger and the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole through the unlock of value of Landsea Homes after effecting the separate listing of Landsea Homes on Nasdaq. Accordingly, our analysis based on our Selected Comparable Companies to provide the Shareholders with a general illustration regarding the valuation of companies with principal business of similar nature as that of Landsea Homes covers a total of 10 homebuilder companies listed on the New York Stock Exchange and the NASDAQ. Please refer to the section headed “G. Selected Comparable Companies Analysis” below for details.

According to the Letter from the Board, the six Comparable Companies chosen by the Company, namely, Meritage Homes, Taylor Morrison, M.D.C. Holdings, Inc., TRI Pointe, Century Communities, Inc. and M/I Homes, Inc., were selected based on their market positioning in the entry level and move-up home segments, the geographic locations of their respective projects, and similar business model that engages in the design, construction, marketing and sale of suburban and urban single-family detached and attached homes. The Board was of the view that, although the operating history and size of the Comparable Companies are different from that of Landsea Homes, they are relatively comparable to Landsea Homes in terms of business model and financial condition. On the other hand, while there were other companies that may have a market capitalization that were similar to Landsea Homes, those companies were not chosen due to their different business models, higher debt ratios, and poor historical financial performance. As the scale and the operating history of Landsea Homes are very different from those of the Comparable Companies, some of the comparative parameters of Landsea Homes do not fall within the ranges of the comparative parameters of the Comparable Companies. Notwithstanding the aforesaid, the Company still takes the view that it is important to conduct an analysis on and comparison with companies with similar market positioning and business model as Landsea Homes to demonstrate Landsea Homes’ s position in the market and its potentials.

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Given the above, we have also performed an analysis on the basis of the six Comparable Companies adopted by the Company for negotiation and consideration of the Merger Consideration. Please refer to the section headed “G. Selected Comparable Companies Analysis” below for details.

The analysis of the Comparable Companies adopted by the Company for negotiation and consideration of the Merger Consideration was conducted by comparing the comparative P/E, EV/EBITDA, EV/Inventories, and P/TBV multiples of the Comparable Companies as follows:

- (i) the P/E ratio of 11.7x was based on the estimated 2021 earnings of Landsea Homes. The P/E ratio of 11.7x was higher than the Comparable Companies’ average and median P/E ratios of 8.5x and 8.4x based on their estimated 2021 earning. Landsea Homes recorded relatively lower earnings historically as compared to the Comparable Companies. The higher P/E ratio reflects the growth potential of Landsea Homes. In particular, Landsea Homes is still at the growth stage of its development and therefore a growth-oriented company that is considered to be able to deliver strong returns in the future, which justifies for a higher P/E ratio. Based on the estimated 2022 earning, it is expected that the P/E ratio applicable to Landsea Homes will be lower to a range similar to the Comparable Companies;
- (ii) the EV/EBITDA multiple was 7.2x based on estimated 2021 EBITDA of Landsea Homes and the Comparable Companies’ average and median EV/EBITDA multiples were 7.7x and 7.2x based on their estimated 2021 EBITDA figures. The EV/EBITDA multiple applicable to Landsea Homes represents the median EV/EBITDA multiple of the Comparable Companies;
- (iii) the EV/Inventories multiple, which equals to the sum of the equity market value and any outstanding debt and preferred stock minus cash and cash equivalents, was 0.86x, which was determined with reference to the Comparable Companies’ average and median EV/Inventories multiples were 1.2x and 1.2x. The lower EV/Inventories multiple applicable to Landsea Homes was considered reasonable after taking into consideration of the factors listed under the paragraph headed “Other factors” below, in particular the relatively smaller size and scale of Landsea Homes as well as the leverage ratio as compared to those of the Comparable Companies which will have an impact to the multiple. In particular, the Comparable Companies have higher leverage (with an average debt to EV of approximately 55%) as compared to Landsea Homes (with an expected debt to EV of approximately 19% at Completion). As a result, the Comparable Companies have higher EV/Inventories multiple, and to the contrary the smaller size of the enterprise value of Landsea Homes to its real estate inventories results in a smaller multiple in comparison; and

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- (iv) the Agreed P/TBV Multiple was 0.84, which was determined with reference to the Comparable Companies' average and median P/TBV multiples were 1.4x and 1.3x. The lower P/TBV multiple applicable to Landsea Homes was accepted taking into consideration of the factors listed under the paragraph headed "Other factors" below, in particular the relatively smaller size and scale and the limited operating history of Landsea Homes as compared to those of the Comparable Companies resulting in a smaller market capitalization, which will have an impact to the multiple. By way of illustration, homebuilders which have less than US\$1 billion in market capitalization have an average P/TBV multiple of 0.5x, whilst all the Comparable Companies all have market capitalizations greater than US\$1 billion.

Other factors

As stated in the Letter from the Board, in addition to the above, in determining whether the discount, including the Agreed P/TBV Multiple and the Agreed Discount, being applied to the Estimated TBV and inventories of Landsea Homes is fair and reasonable, the parties also took into consideration of:

- (i) the presence of a controlling shareholder (which none of the Comparable Companies have), which may result in that controlling shareholder using its influence and control to act in ways which may be different from the interests of other shareholders;
- (ii) Landsea Homes' adjusted return on equity of 6.0% in 2019 and 4.2% expected in 2020, which is lower than the average return on equity of 10.9% in 2019 and 12.9% in 2020 for the Comparable Companies, taking into consideration of a shorter period of operating history of Landsea Homes and that it has not reached the size and scale of the Comparable Companies at this stage. All of the Comparable Companies have operating history in the average of approximately 43 years and a median of approximately 40 years;
- (iii) the relatively small size of Landsea Homes as compared to other US-listed homebuilders (with an expected total public equity market capitalization of under US\$510 million as compared to the Comparable Companies ranging from US\$1,294 million to US\$3,911 million, and with expected 2020 revenue of US\$697 million as compared to the expected 2020 revenue of the Comparable Companies ranging from US\$2,700 million to US\$5,760 million);
- (iv) the geographic concentration and lack of diversification of Landsea Homes' operations, being primarily focused in the California and Arizona markets, as compared to the Comparable Companies, which have product coverage covering a vast majority of the states in the US; and

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- (v) the low anticipated free float (with an expected free float of under US\$144 million as compared to the free float of the Comparable Companies ranging from US\$1,244 million to US\$3,714 million.

According to the Letter from the Board, based on the aforesaid, the Company is of the view that the Merger Consideration is fair and reasonable.

Our analysis and views on the Merger Consideration

As stated above, the Merger Consideration was determined following arm's length negotiation among the parties to the Merger Agreement and the Board has considered the above comprehensive list of factors before coming to the view that the Merger Consideration is fair and reasonable.

According to the Letter from the Board, the Merger Consideration is US\$343,805,119.68 (equivalent to approximately HK\$2,681,679,933), which shall be payable in the form of shares of LF Common Stock. The Merger Consideration, when compared to the unaudited net asset value of Landsea Homes as at 30 June 2020 in the amount of US\$510,461,000, represents a deficit of US\$166,655,880.32. In other words, the Merger Consideration is at an illustrative implied P/B Ratio of approximately 0.6735 times, after taking into account the Agreed EV and Agreed Discount and other deductions as explained above.

While we noted that the illustrative implied P/B Ratio of Landsea Homes of approximately 0.6735 times represents a discount of approximately 32.65% to the unaudited net asset value of Landsea Homes as at 30 June 2020, we also consider that the expected size of market capitalization and the relatively short operating track record of Landsea Homes may be factors attributable to the negative impact on the commercial negotiations of the Merger Consideration, especially in the case herein that the Merger Consideration was based on arm's length negotiations with an independent third party. In this regard, we concur with the above views of the Board that the lower P/TBV multiple applicable to Landsea Homes was accepted taking into consideration of the factors listed under the paragraph headed "Other factors" above and the relatively smaller size and scale and the limited operating history of Landsea Homes as compared to those of the Comparable Companies resulting in a smaller market capitalization, which will have an impact to the multiple, as well as that homebuilders which have less than US\$1 billion in market capitalization have an average P/TBV multiple of 0.5x, whilst all the Comparable Companies have market capitalizations greater than US\$1 billion.

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Nonetheless, we have also reviewed the financial impact of the Merger and Proposed Spin-off and noted that the total assets of the Group will increase from approximately RMB25,698 million to RMB26,329 million with only minimal increase in total liabilities as a result of the Merger and Proposed Spin-off, as further elaborated in the section headed “H. Financial Impact of the Merger and Proposed Spin-off” below. In other words, the financial effect of the Merger and Proposed Spin-off will increase total assets of the Company by RMB631 million but only increase total liabilities by RMB58 million, resulting in a net increase in total assets of RMB573 million, which is therefore beneficial to the Company and its Shareholders as a whole. On this basis, in addition to the reasons discussed above, we consider that the illustrative implied P/B Ratio of Landsea Homes, calculated based on the Merger Consideration, to dispose part of the interest in Landsea Homes, is therefore fair and reasonable.

Outstanding stock options of Landsea Homes:

As at the date of the Merger Agreement, there are no securities or ownership interests that are reserved for issuance upon the exercise of outstanding options, warrants or other rights to purchase any share of Landsea Homes Common Stock.

Conditions precedent to the Merger Agreement:

Conditions precedent to the Merger Agreement

The obligations of each party to the Merger Agreement to effect the Merger and the transactions as contemplated thereunder shall be subject to the satisfaction (or written waiver, in whole or in part, to the extent such conditions can be waived under the Merger Agreement and applicable law) at or prior to the Completion of the following conditions:

- (a) at the stockholders meeting of LF Capital (including any adjournments thereof), any necessary matters, including (i) the adoption of the Merger Agreement and approval of the transactions contemplated thereunder; (ii) the issuance of the LF Common Stock for the Merger Consideration in accordance with the Merger Agreement; and (iii) the amendment and restatement of the organizational documents of LF Capital in agreed form, shall have been duly adopted by the stockholders of LF Capital in accordance with the General Corporation Law of the State of Delaware, the certificate of incorporation and the bylaws of LF Capital and the Nasdaq rules and regulations;
- (b) LF Capital shall have at least US\$5,000,001 of net tangible assets following the exercise by the holders of Class A stock of LF Capital issued in the initial public offering of securities of LF Capital and outstanding immediately before the Completion of their right to redeem their Class A stock of LF Capital in accordance with the certificate of incorporation and the bylaws of LF Capital;

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- (c) all applicable waiting periods as prescribed pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (and any extensions thereof) will have expired or otherwise been terminated, and the parties to the Merger Agreement will have received or have been deemed to have received all other mandatory pre-closing authorizations, consents, clearances, waivers and approvals of all governmental entities required in connection with the execution, delivery and performance of the Merger Agreement and the transactions contemplated thereunder, which the parties have determined that the applicable waiting periods are not applicable to the proposed Merger;
- (d) no provision of any applicable Law prohibiting, enjoining, restricting or making illegal the consummation of the transactions contemplated under the Merger Agreement shall be in effect and no temporary, preliminary or permanent restraining order enjoining, restricting or making illegal the consummation of the transactions contemplated under the Merger Agreement will be in effect or shall be threatened in writing by a governmental entity;
- (e) the shares of LF Common Stock to be issued in connection with the Merger shall be approved for listing upon the Completion on Nasdaq; and
- (f) the Company having obtained the approval of the Stock Exchange in connection with the Merger and transactions contemplated thereunder (including the waiver of the Assured Entitlement requirement by the Shareholders at the SGM) in accordance with the applicable requirements of the Listing Rules and such approval has not been revoked at or prior to the Completion.

Based on the advice obtained by the Company, condition (c) above is not applicable to the Merger.

As at the Latest Practicable Date, save for condition (c) above, all of the other conditions precedent set out above have not been fulfilled or waived.

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Additional conditions to obligations of LHC and Landsea Homes

The obligations of LHC and Landsea Homes to consummate and effect the Merger and the transactions contemplated under the Merger Agreement shall be subject to the satisfaction at or prior to the Completion of each of the following conditions, any of which may be waived, in writing, exclusively by LHC and Landsea Homes:

- (a) the fundamental representations of LF Capital under the Merger Agreement shall be true and correct in all material respects on and as of the date of the Merger Agreement and on and as of the date of Completion as though made on and as of date of Completion (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure of such representations and warranties of LF Capital to be so true and correct, individually or in the aggregate, has not had and is not reasonably likely to have a material adverse effect on LF Capital and Merger Sub;
- (b) LF Capital and Merger Sub shall have performed or complied with all agreements and covenants required by the Merger Agreement to be performed or complied with by them on or prior to the date of Completion, in each case in all material respects;
- (c) LF Capital shall have delivered to Landsea Homes a certificate certifying as to the matters set forth (a) and (b) above;
- (d) no material adverse effect on LF Capital and Merger Sub shall have occurred since the date of the Merger Agreement;
- (e) all directors and officers of LF Capital and Merger Sub, except for Mr. Elias Farhat, an existing director of LF Capital, and Mr. Scott Reed, currently the president, chief executive officer and director of LF Capital, shall have resigned from all of their positions and offices with LF Capital and Merger Sub;
- (f) LF Capital and Merger Sub shall have delivered or shall stand ready to deliver duly executed and filed certificates, instruments, contracts and other documents specified to be delivered by it pursuant to the Merger Agreement;
- (g) the charter of LF Capital shall be amended and restated in an agreed form and shall be executed and filed with the Secretary of State of the State of Delaware, and the bylaws of LF Capital shall be amended and restated in an agreed form;

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- (h) after deducting the amount of cash in the trust account of LF Capital, which amounted to US\$129,126,990.62 as of 17 September 2020, from the aggregate amount of cash proceeds that will be required to satisfy any exercise by the stockholders of LF Capital to redeem shares of Class A Stock of LF Capital from the trust account of LF Capital, the aggregate amount of any transaction costs of LF Capital and Landsea Homes in relation to the Merger, such remaining amount shall be equal to or exceed US\$90,000,000, being the amount of cash expected to maintain and fund the ongoing operation of Landsea Homes upon completion of the Merger;
- (i) LF Capital shall have made appropriate arrangements to have its trust account, less amounts paid and to be paid pursuant to the Merger Agreement, available to LF Capital for payment of the transaction costs of LF Capital and Landsea Homes in relation to the Merger at Completion; and
- (j) the Surrendered Shares and Surrendered Warrants shall have been cancelled by LF Capital.

As at the Latest Practicable Date, all of the conditions precedent set out above have not been fulfilled or waived.

Additional conditions to obligations of LF Capital and Merger Sub

The obligations of LF Capital and Merger Sub to consummate and effect the Merger and the transactions as contemplated under the Merger Agreement shall be subject to the satisfaction at or prior to the Completion of each of the following conditions, any of which may be waived, in writing, exclusively by LF Capital:

- (a) the fundamental representations of Landsea Homes under the Merger Agreement shall be true and correct in all material respects on and as of the date of the Merger Agreement and on as of the date of Completion as though made on and as of the date of Completion (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure of such representations and warranties of Landsea Homes to be so true and correct, individually or in the aggregate, has not had and is not reasonably likely to have a material adverse effect to Landsea Homes and its subsidiaries;
- (b) Landsea Homes shall have performed or complied with all agreements and covenants required by the Merger Agreement to be performed or complied with by it at or prior to the date of Completion;

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- (c) Landsea Homes shall have delivered to LF Capital a certificate certifying as to the matters set forth in (a) and (b) above;
- (d) no material adverse effect to Landsea Homes Group shall have occurred since the date of the Merger Agreement; and
- (e) Landsea Homes or LHC shall have delivered, or caused to be delivered, or shall stand ready to deliver duly executed and filed certificates, instruments, contracts and other documents specified to be delivered by it pursuant to the Merger Agreement.

As at the Latest Practicable Date, all of the conditions precedents set out above have not been fulfilled or waived.

Lock-up:

Each of Sponsor and LHC shall enter into the agreed form of a lock-up agreement (the “**Lock-up Agreement**”) pursuant to which each of Sponsor and LHC shall (subject to certain permitted transfers) agree not to transfer LF Common Stock to be received under the Merger Agreement until the earlier of, among other things, (i) end of a one-year period from the Completion; and (ii) end of any 30-trading day period during which the share price of LF Common Stock exceeds US\$12.00 for 20 trading days, the first day of which commences after 150 days from the Completion.

Others:

The Founders have agreed to waive, as applicable, certain anti-dilution, conversion, and/or redemption rights in connection with the Merger and the transactions contemplated by the Merger Agreement.

Voting undertaking:

Certain Founders and subscribers under the Forward Purchase Transaction, which was to create momentum in the market to show that there was substantial interest from long fundamental investors in the stock of LF Capital and will also enable that the minimum cash requirement at the closing of the Merger, have undertaken that each of them will vote in favour of any other proposals that the parties deem necessary or desirable to consummate the transactions under the Merger Agreement.

Termination:

The Merger Agreement may be terminated at any time prior to Completion:

- (a) by mutual written agreement LF Capital and LHC;
- (b) by either LF Capital or LHC if the transactions contemplated under the Merger Agreement shall not have been consummated by 22 September 2020 (the date of which has been extended to 22 December 2020, as approved by the stockholders of LF Capital at a special meeting of stockholders on 17 September 2020, and shall be further extended to 22 January 2021 subject to approval by stockholders at a special meeting to be held on 21 December 2020, for which its initial business combination must be completed or such date LF Capital completes its initial business combination);

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- (c) by either LF Capital or LHC if a governmental entity shall have issued an order or taken any other action, in any case having the effect of permanently restraining, enjoining or otherwise prohibiting the transactions contemplated under the Merger Agreement, including the Merger, which order or other action is final and non-appealable;
- (d) by LHC, upon a breach of any representation, warranty, covenant or agreement set forth in the Merger Agreement on the part of LF Capital or Merger Sub, or if any representation or warranty of LF Capital or Merger Sub shall have become untrue in a manner that would cause the failure of a condition to closing under the Merger Agreement and such breach is not cured within 30 days;
- (e) by LF Capital, upon a breach of any representation, warranty, covenant or agreement set forth in the Merger Agreement on the part of Landsea Homes or LHC or if any representation or warranty of Landsea Homes shall have become untrue in a manner that would cause the failure of a condition to closing under the Merger Agreement and such breach is not cured within 30 days;
- (f) by either LF Capital or LHC, if, at the stockholders meeting of LF Capital (including any adjournments thereof), any other proposals that the parties deem necessary or desirable to consummate the transactions under the Merger Agreement are not duly adopted by the stockholders of LF Capital; or
- (g) by LF Capital, if evidence that the stockholder approval of Landsea Homes was obtained shall not have been delivered to LF Capital within 24 hours following the execution and delivery of the Merger Agreement.

As at the Latest Practicable Date, given that the conditions precedent have not been fulfilled or waived, it is expected that Completion shall take place shortly after Shareholders' approval is obtained, which is expected to occur in January of 2021.

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Stockholders' agreement

In connection with the Merger, it is expected that LF Capital and LHC will enter into a stockholders' agreement concurrently on the date of Completion to provide for the rights and obligations of LHC as a shareholder of LF Capital upon Completion with respect to, among other things, management and operations of LF Capital.

Pursuant to the stockholders' agreement, whereby, among other things, the parties thereto will agree:

- (i) to provide LHC certain board composition and nomination requirements, including rights to nominate directors in accordance with defined ownership thresholds, establish certain board committees and their respective duties and allow for the compensation of directors;
- (ii) to provide LHC with inspection and visitation rights, access to LF Capital's management, auditors and financial information;
- (iii) not to, to the extent permitted by applicable law, share confidential information related to LF Capital;
- (iv) waive their right to jury trial and choose Delaware as the choice of law; and
- (v) vote LHC's holdings of LF Common Stock in furtherance of the aforementioned rights, in each case on terms and subject to the conditions set forth therein.

In terms of board composition of LF Capital, pursuant to the stockholders' agreement, LF Capital and LHC shall take all necessary action to ensure that the authorized number of directors on the board of directors of LF Capital to be nine (9), among which, LHC shall, subject to the aggregate interests in LF Capital being held by LHC and its affiliates are more than 50%, initially have the right to nominate seven (7) directors with two (2) of whom who shall satisfy the independent director requirements under the relevant rules of the Nasdaq Stock Exchange. Among the seven (7) directors to be nominated by LHC, LF Capital and LHC shall take all necessary action to cause LF Capital to initially designate Mr. Tian as the chairman of the board of directors of LF Capital. For the remaining 2 director seats, nominations will be made in accordance with the governing documents of LF Capital that will be in place at Completion, which provide that director nominations will be made by (a) LF Capital's notice of annual meeting; (b) the board of directors of LF Capital (as advised by the nominating and governance committee); or (c) by any stockholder complying with the provisions provided for in the by-laws of LF Capital. Therefore, LHC will be able to nominate the 2 remaining directors either by its control of the board of LF Capital or by its status as a stockholder. Those directors nominated for election at an annual stockholders meeting are duly elected if they obtain a majority of the votes cast at such meeting. Therefore, should LHC maintain a greater than 50% ownership interest in LF Capital, it will be able to elect all 9 of its nominated directors given its ability to vote a majority of the votes cast in the election of each.

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In addition, LF Capital shall establish and maintain a compensation committee, a nomination and governance committee and an audit committee. Initially, LHC, upon consultation with LF Capital, shall determine the composition of such committee. Subsequent membership shall be governed by the respective committee charter. For so long as the aggregate interests in LF Capital being held by LHC and its affiliates is equal to or greater than 15%, LF Capital and LHC shall take all necessary action to cause at least one director as designated by LHC to be appointed by the board of directors of LF Capital to sit on each standing committee, subject to such director as designated by LHC satisfying applicable qualifications under applicable law, regulation or stock exchange rules and regulations. If any director as designated by LHC fails to satisfy the applicable qualifications under law or stock exchange rule to sit on any committee of the board of directors of LF Capital, then the board of directors of LF Capital shall permit such designee to attend (but not vote) at the meetings of such committee as an observer.

Further, pursuant to the terms of the Merger Agreement, the Sponsor has one-time nomination right to nominate Mr. Elias Farhat, an existing director of LF Capital, and Mr. Scott Reed, currently the president, chief executive officer and director of LF Capital to the board of directors of LF Capital for a one year term following Completion at the special meeting to approve the proposed Merger. At the next subsequent annual meeting of LF Capital, the Sponsor will have no such designation right and directors of LF Capital will be nominated and elected pursuant to the Stockholder's Agreement and governing documents of LF Capital. Should LHC maintain its initially contemplated shareholder ownership, it will be able to nominate and elect all nine directors at the next shareholder annual meeting.

The rights and obligations of LHC as contemplated under the stockholders agreement have taken into consideration that Landsea Homes will become an indirect non-wholly owned subsidiary of the Company upon completion of the Merger and the Proposed Spin-off.

Non-compete Undertaking

In addition, LHC will agree that, for so long as it, together with its affiliates, holds more than 10% of LF Capital's voting stock or has a representative serving on the board of directors of LF Capital, and except for the Urban Development Project, LHC and its affiliates (other than the Landsea Homes Group) will not engage in, or propose to engage in, the "domestic homebuilding business", being a business primarily constructing single and/or multi-family residential properties primarily operating in the US or with a business unit dedicated to constructing single and/or multi-family residential properties in the US.

As at the Latest Practicable Date, LHC held a 14 storey luxury residential condominium development on the upper west side of Manhattan, New York in the US (the "**Urban Development Project**"). The Urban Development Project is located on the upper west side of Manhattan at a dense urban area on the upper west side of Manhattan, New York in the US, with the locale being long established as the most prestigious neighbourhood in New York and home to some of the best schools in the region, both primary and secondary, public and private. The homes offer meticulous design and

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attention to detail usually reserved for penthouses, with fine appointments and significant outdoor space. The targeted buyers are ultra-luxury buyer segment, with one of the largest sources of demand for the project will be high net worth individuals, foreign buyers, and larger families. The Urban Development Project is expected to have slower sales absorption and puts the total timeline of the project at more than four years. On the other hand, save for two projects located in New York, namely the “Avara” project and the “Förena” project (the “**New York Projects**”), being condominium buildings located in New Jersey and Manhattan, New York, the remaining portion of the Group’s US Property Development Business focus on building single family detached homes and attached homes in master planned communities in suburban and urban in-fill markets. The New York Projects are different to the Urban Development Project in terms of pricing, target segment, sales strategy and specification. In particular, the Urban Development Project is targeted for the ultra-luxury buyer segment, whilst the New York Projects are targeted for entry-level and move-up buyers.

The “Avara” project is a 184-unit condominium building located at 800 Avenue at Port Imperial, Weehawken, New Jersey, a new residential location for those seeking an urban location at lower cost. The “Avara” project is positioned to target the first time and move up home buyer, the amenities offered is comparable to projects in New York at lower price due to its location in Weehawken. The target buyers of the “Avara” project are entry-level buyers and first-time move-up buyer segment in New Jersey and New York markets, who choose to relocate to New Jersey to enhance their lifestyle at an affordable price. The “Avara” project is targeted with a return on capital over a two to three-year timeframe, with approximately 80% of the 184 units having been sold as at the Latest Practicable Date.

The “Förena” project is a 50 condominium units with ground floor retail space located in downtown of Manhattan at the 14th Street and 6th Avenue, New York in the US. The Förena project features a location that is inferior to the West Chelsea comparable condominiums but is ideal for those who are price sensitive. The Förena project is relatively boutique building and the plans lack the amenities that have become standard in the higher-end Manhattan condominium market. The target buyers of the “Förena” project are move-up buyer segment, including foreign households, urbanites from other cities seeking a New York area pied-à-terre, single and childless couple professional households, young families, and, in particular, those households who work in the nearby business and government locations, and serves as a viable option for professional households who are being priced out of alternative locations West Chelsea, or even in the more expensive areas downtown. It also targeted at young professional buyers in New York City that are seeking a more affordable and smaller unit. The “Förena” project is targeted with a return on capital over a two to three-year timeframe, and is under development as at the Latest Practicable Date.

Based on the aforesaid, the Company is of the view that the New York Projects are different from the Urban Development Project in terms of pricing, target segment, sales strategy and specification. Further, Landsea Homes held no project with features similar to the Urban Development Project as at the Latest Practicable Date. Accordingly, the Urban Development Project and the Group’s US Property Development Business is clearly

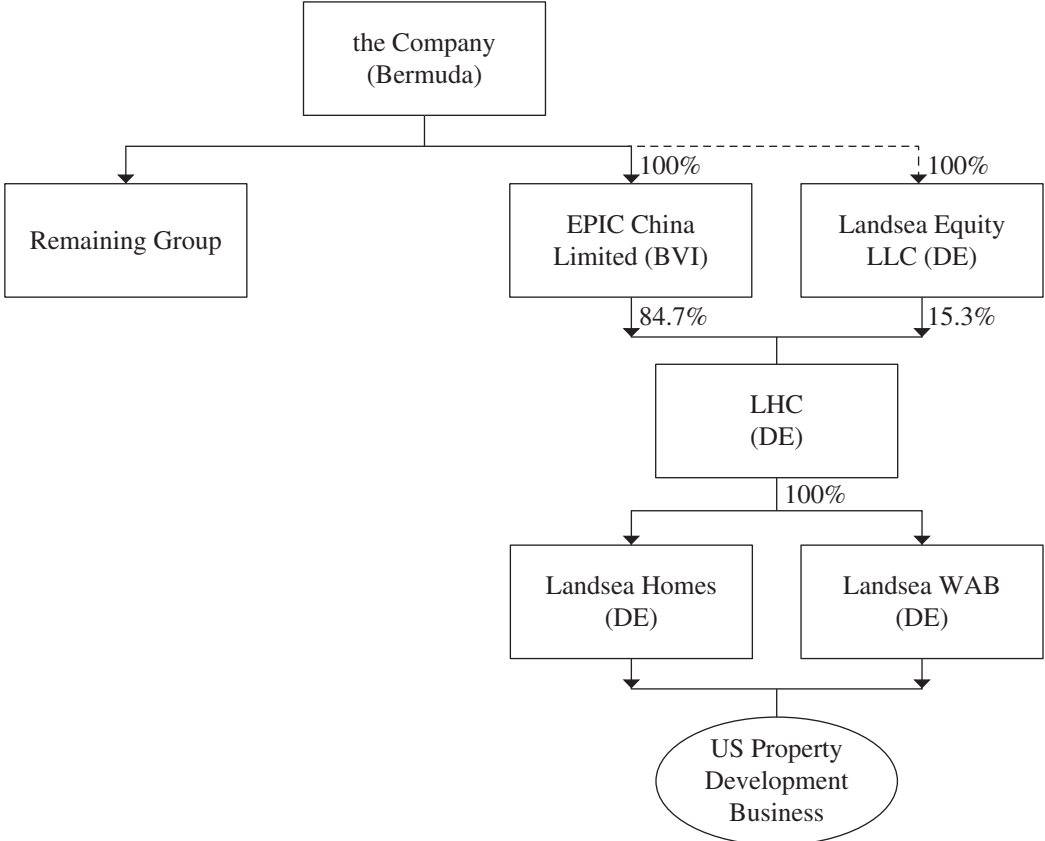
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differentiated to one another by the fact of their respective market positioning, with the Urban Development Project targeted for the ultra-luxury buyer segment, whilst other projects of the US Property Development Business being focused on entry-level and move-up products. In light of the difference between the Urban Development Project to the remaining portion of the Group’s US Property Development Business, the Urban Development Project is therefore not to be included in Landsea Homes for the purpose of the Merger and the Proposed Spin-off. Further, given that the Urban Development Project will continue to be held by LHC following completion of the Merger, the business and activities located in New York City, New York is carved out from the scope of competing business under the non-competition agreement.

We consider that, given Landsea Homes will remain as a subsidiary of the Company following completion of the Merger and the Proposed Spin-off, the above proposed arrangements relating to board composition and management pursuant to the stockholders’ agreement and the non-compete undertaking are appropriate.

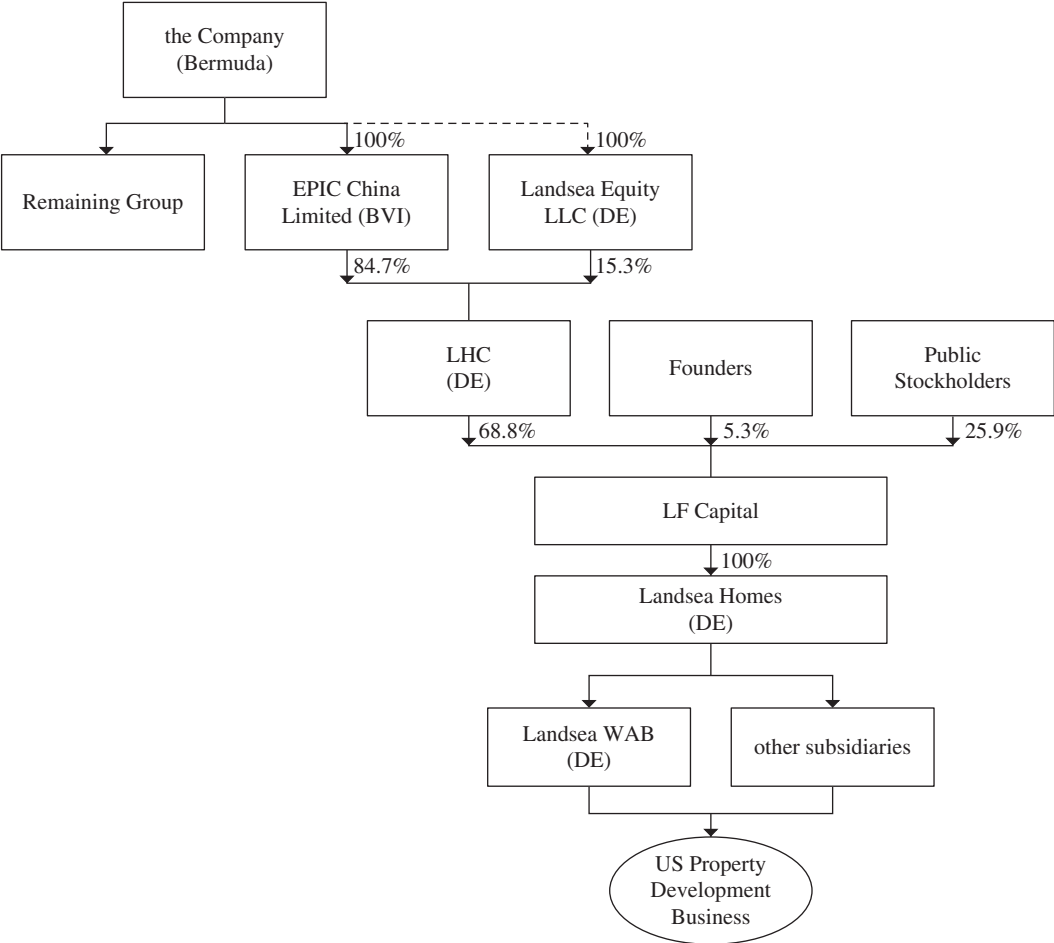
D. Corporate Structure of the Group

The following diagram is a simplified illustration of the corporate structure of the Group and the US Property Development Businesses as at the Latest Practicable Date:



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The following diagram is a simplified illustration of the corporate structure of the Group and the US Property Development Businesses immediately upon completion of the Merger (assuming (i) there is no adjustment to the Merger Consideration; (ii) all outstanding Warrants have not been exercised and the terms of LF Capital’s public Warrants have been amended to reduce the conversion ratio to one-tenth of a share of LF Common Stock pursuant to the Warrant Holder Approval; (iii) the transactions contemplated by the Merger Agreement and ancillary agreements thereto, including the Sponsor’s Forfeiture and the Sponsor’s Transfer, having been effectuated; (iv) there is no other change in the number of outstanding shares of LF Common Stock from the date of the Merger Agreement to the date of Completion; (v) the earn-out thresholds have been met for 1,000,000 shares of deferred LF Common Stock and 500,000 shares of which being held by each of Sponsor and LHC; (vi) 224,550 LF Common Stock were forfeited by the Sponsor and issued under the Forward Purchase Transaction; (vii) save for 1,215,698 shares of LF Common Stock having been redeemed by certain holders of LF Common Stock after the date of the Merger Agreement, no other holder of LF Common Stock redeems their shares of LF Common Stock; and (viii) the Sponsor having waived their right to convert the related party loan due from LF Capital to the Sponsor into warrants of LF Capital):



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E. Assured Entitlement

Under Paragraph 3(f) of PN15, a listed issuer is required to have due regard to the interests of its existing shareholders by providing them with an Assured Entitlement.

As aforesaid, LF Capital is a company whose LF Common Stock, public warrants and units are listed on Nasdaq with ticker symbols “LFAC”, “LFACW” and “LFACU”, respectively. The Proposed Spin-off does not involve a new listing application of LF Capital and there will not be any public offering of new LF Common Stock. If LF Capital were to facilitate preferred application for new LF Common Stock by the shareholders of the Company, it would necessitate a substantial change to the US securities law compliance regime contemplated by the parties. If LF Capital was required to extend the offering to the shareholders of the Company, this will be deemed to be a public offering under US laws given the potentially large number of offerees and be subject to additional regulatory registration requirements which would not otherwise be relevant to the Merger. Accordingly, such sale of LF Common Stock would be subject to regulatory registration requirements with the United States Securities and Exchange Commission which could further delay the Proposed Spin-off as well as result in the addition of significant costs taking into account the compliance with US securities laws and jurisdictional compliance requirements in other countries where some shareholders of the Company are from in connection with such offer.

Further, given LF Capital will not have scrip shares and the shares issued to any investor will be by way of a book entry system in the US, shareholders of the Company would have to coordinate with US securities firms which either have an account directly with the book entry settlement system or have an arrangement in place with a firm that has an account with such settlement system. To coordinate shareholders to establish such accounts in order to participate in any such offering or distribution in specie of LF Common Stock and taking into account possible jurisdictional compliance requirements in other countries where some shareholders of the Company are from in connection with such distribution in specie, the process to verify the identities and shareholdings of such large number of shareholders would as a whole be unduly burdensome to the Company.

Having considered the above, the Board does not believe that the requirement to provide the Assured Entitlement is practicable in the circumstances nor in the interest of the Shareholders as a whole. To do so would incur significant delay to the proposed timetable and substantial costs to be incurred in order to process such arrangements. This would result in the loss of an opportunity to secure what the Company believes to be a transaction which would be in the best interest of the Company and the Shareholders as a whole.

We have discussed with the Company on the above reasons for not providing the Assured Entitlement and are given to understand that implementing the arrangement of Assured Entitlement would be impracticable and unduly burdensome as it would incur significant delay to the timetable of the Spin-off of an additional four to six months for the relevant regulatory work to be completed as well as substantial costs arising from the compliance with the legal restrictions relating to US securities laws and other legal or

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jurisdictional compliance requirements in other countries where certain shareholders of the Company are domiciled. In light of the circumstances specifically applicable to the Company as set out above, we consider that it is fair and reasonable and in the interests of the Company and its shareholders as a whole of not providing the Assured Entitlement.

Accordingly, the Company proposes to put forth a resolution to Shareholders at the SGM to waive the Assured Entitlement under the Proposed Spin-off and the controlling Shareholders will abstain from voting on such resolution.

F. Reasons for and Benefits of the Merger and Proposed Spin-off

As set out in the Letter from the Board, the Company considers that the Merger and Proposed Spin-off come with the following benefits:

- (a) it will allow the Group to unlock the fair value of its investment in the US Property Development Business on a stand-alone basis via the valuation of the Company's shareholding in LF Capital;
- (b) it will enable the Group to have a separate fund-raising platform and an enlarged shareholder base for the US Property Development Business under LF Capital, thereby enhancing the fund raising capability of the US Property Development Business;
- (c) it will provide investors, financial institutions and rating agencies with greater clarity on the operations and financial condition of the Landsea Homes Group and the Remaining Group on a stand-alone basis, which would help investors form their investment decisions with a better understanding of the operating results, financial condition, management, strategies, risks and returns of the Landsea Homes Group and the Remaining Group, respectively;
- (d) it will allow the Remaining Group to focus on the Remaining Business;
- (e) it will enable the Landsea Homes Group and the Remaining Group to build their separate corporate profiles, thereby increasing their ability to attract investors and cooperative partners for the further development of their respective businesses; and
- (f) Nasdaq is a known and reputable stock exchange. The merger of the US Property Development Business under a Nasdaq listed company will strengthen the reputation of Landsea Homes in the US which would in turn support its future business growth and fundraising capability within the US. This will also benefit the Company as a holding company of the Landsea Homes Group immediately after the Proposed Spin-off.

Following Completion, Landsea Homes will be an indirect non-wholly owned subsidiary of the Company. It is the long-term strategy of the Group to develop the Group's domestic homebuilding business in the US through Landsea Homes and it is expected that Landsea Homes will remain a subsidiary of the Company. In the event that

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there is any change which may result in the Group ceasing to control Landsea Homes, the Company will comply with the applicable requirements of the Listing Rules as and when required.

After our discussion with the management of the Company, we consider the above benefits are favourable to and in the interests of the Group and the Shareholders as a whole. Subject to, among other things, the satisfaction at or prior to the Completion of the conditions precedent to the Merger Agreement and passing of the resolutions to be proposed at the SGM to approve the Merger, the Proposed Spin-off and the transactions contemplated thereunder, the Shareholders are reminded that there is no assurance that the Proposed Spin-off will proceed in a timely manner or proceed at all.

G. Selected Comparable Companies Analysis

In order to assess whether or not the Merger and the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole through the unlock of value of Landsea Homes after effecting the separate listing of Landsea Homes on Nasdaq, we have performed an analysis based on our selected comparable companies as follows to provide the Shareholders with a general illustration regarding the valuation of companies with principal business of similar nature as that of Landsea Homes. In our analysis, we have searched from Bloomberg and publicly available information to the best of our knowledge and on a best effort basis, for an exhaustive list of selected comparable companies which are listed on the US Stock Exchanges (including New York Stock Exchange and Nasdaq) with revenue generated from homebuilding business being all from the US for the latest financial year (the “**Selected Comparable Companies**”). We consider the P/B Ratio an appropriate benchmark for the valuation of companies that are engaged in property development and investment, with core value being the net asset value of the underlying assets held by such companies, whereas other benchmark like price-to-earnings ratio may not be appropriate for valuing the Selected Comparable Companies which may significantly vary subject to the different status of property development and time span of the property projects of each company.

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The following table below sets out the relevant ratios of the Selected Comparable Companies for reference purpose:

Selected Comparable Companies (Stock code) <i>(note 1)</i>	Market Capitalisation <i>(US\$ million)</i>	Principal activities of the Selected Comparable Companies	P/B Ratio <i>(times)</i>
Beazer Homes USA, Inc. (BZH:US)	496	The company designs, builds, and sells single family homes in the Southeast, Southwest, and South Central regions of the US.	0.8344
Century Communities, Inc. (CCS:US)	1,561	The company operates as a home building and construction company, and offers acquisition, development, construction, marketing, sale and management services for various residential projects in the US.	1.3175 <i>(note 4)</i>
KB Home (KBH:US)	3,223	The company builds single-family homes in the US, primarily targeting first-time and first move-up homebuyers, and has operating divisions in various areas in the US.	1.2565
LGI Homes, Inc. (LGIH:US)	2,824	The company operates as a home builder, designs and builds homes, serving customers in a number of states in the US.	2.7890
MDC Holdings, Inc. (MDC:US)	3,321	The company builds and sells single-family homes in a number of states in the US.	1.6706 <i>(note 4)</i>
M/I Homes, Inc. (MHO:US)	1,390	The company builds single-family homes and has building operations in various states in the US.	1.1834 <i>(note 4)</i>
Meritage Homes Corporation (MTH:US)	3,320	The company designs, builds, and sells single-family homes ranging from entry level to semi-custom luxury, and operates in the South and West of the US.	1.5090 <i>(note 4)</i>
New Home Company Inc. (NWHM:US)	91	The company designs, constructs, and sells homes, and operates within the homebuilding industry in California.	0.4588

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Selected Comparable Companies (Stock code) <i>(note 1)</i>	Market Capitalisation <i>(US\$ million)</i>	Principal activities of the Selected Comparable Companies	P/B Ratio <i>(times)</i>
Taylor Morrison Home Corporation (TMHC: US)	3,484	The company operates as a homebuilder and builds single-family detached and attached homes, as well as develops lands which includes lifestyle and master planned communities, serving customers in the US.	1.0188 <i>(note 4)</i>
TRI Pointe Group, Inc. (TPH:US)	2,265	The company provides construction services and designs, builds, develops, and constructs single family residential homes, serving customers throughout the US.	1.0305 <i>(note 4)</i>
		Selected Comparable Companies' Average	1.3069
		The Company <i>(note 2)</i>	0.4921
		Landsea Homes <i>(note 3)</i>	0.6735

Source: Bloomberg, Latest Practicable Date (18 December 2020, Hong Kong time)

Notes:

1. All the Selected Comparable Companies are listed on the New York Stock Exchange except for LGI Homes, Inc. (LGIH:US) which is listed on Nasdaq.
2. The illustrative implied P/B Ratio of the Company is calculated based on (i) the market capitalisation of the Company for approximately HK\$2.93 billion as at the Latest Practicable Date (as extracted from the Stock Exchange website); and (ii) the net asset value/equity attributable to the shareholder of the Company of approximately RMB5,298,698,000 (equivalent to approximately HK\$5,953.6 million at the exchange rate of HK\$1.00: RMB0.89) as at 31 December 2019 (as extracted from the 2019 annual report of the Company).
3. The illustrative implied P/B Ratio of Landsea Homes is calculated based on (i) the Merger Consideration of US\$343,805,119.68 (equivalent to approximately HK\$2,681,679,933 at the exchange rate of US\$1.00: HK\$7.8), which was determined after taking into account (among other things) the fair value of Landsea Homes as of 30 June 2020 (according to the Letter from the Board); and (ii) the unaudited net asset value of Landsea Homes of approximately US\$510,461,000 (equivalent to approximately HK\$3,981,595,800 at the exchange rate of US\$1.00: HK\$7.8) as at 30 June 2020 (according to the Letter from the Board).
4. Being the six Comparable Companies adopted by the Company for negotiation and consideration of the Merger Consideration as set out under section headed "C. Principle Terms of the Merger Agreement" above.

As shown in the above table, the Company's illustrative implied P/B Ratio of 0.4921 times is lower than the average P/B Ratio of the Selected Comparable Companies of 1.3069 times and the illustrative implied P/B Ratio of Landsea Homes of 0.6735 times,

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which is calculated based on the Merger Consideration. We consider that the Merger and the Proposed Spin-off is likely to unlock the value of Landsea Homes and create a higher market value after only effecting the separate listing of Landsea Homes on Nasdaq, as the average P/B Ratio of the Selected Comparable Companies and the illustrative implied P/B Ratio of Landsea Homes (calculated based on the Merger Consideration) is approximately 165.6% and 36.9% higher than the Company's illustrative implied P/B Ratio respectively.

In addition, if assessing on the basis of the six Comparable Companies adopted by the Company for negotiation and consideration of the Merger Consideration as set out under section headed "C. Principle Terms of the Merger Agreement" above, the average P/B Ratio of such six Comparable Companies is approximately 1.2883 times (as identified in note 4 above), which is 1.42% lower than the average P/B Ratio of our 10 Selected Comparable Companies of 1.3069 times. Accordingly, we do not consider there is any material differentiation of the outcome resulting from using our 10 Selected Comparable Companies as compared with using the six Comparable Companies adopted by the Company for negotiation and consideration of the Merger Consideration. Therefore, even on the basis of using the six Comparable Companies adopted by the Company for negotiation and consideration of the Merger Consideration, we maintain our view that the Merger and the Proposed Spin-off is likely to unlock the value of Landsea Homes and create a higher market value after effecting the separate listing of Landsea Homes on Nasdaq.

Shareholders should note that the calculation of the illustrative implied P/B Ratio of Landsea Homes (calculated based on the Merger Consideration) and the comparison to the average P/B Ratio of Selected Comparable Companies above is for illustrative purpose only. The actual P/B Ratio of Landsea Homes will be subject to, among other factors, the prevailing market conditions in the US at the time close to the completion of the Proposed Spin-off. The above illustration is not intended to support or substantiate the final valuation of Landsea Homes at the time close to the completion of the Proposed Spin-off.

H. Financial Impact of the Merger and Proposed Spin-off

As at 30 June 2020, Landsea Homes is a wholly-owned subsidiary of the Company. For the purpose of the unaudited pro forma financial information of the Group following the completion of the Merger and the Proposed Spin-off, and in addition to the assumptions that (i) there is no adjustment to the Merger Consideration; (ii) all outstanding Warrants have not been exercised and the terms of LF Capital's public Warrants have been amended to reduce the conversion ratio to one-tenth of a share of LF Common Stock pursuant to the Warrant Holder Approval; (iii) the transactions contemplated by the Merger Agreement and ancillary agreements thereto, including the Sponsor's Forfeiture and the Sponsor's Transfer, having been effectuated; (iv) there is no other change in the number of outstanding shares of LF Common Stock from the date of the Merger Agreement to the date of Completion; (v) 224,550 LF Common Stock were forfeited by the Sponsor and issued under the Forward Purchase Transaction; (vi) no holder of LF Common Stock redeems their shares of LF Common Stock; and (vii) the Sponsor having waived their right to convert the related party loan due from LF Capital to the Sponsor into warrants of LF Capital, it was also assumed that (a) the earn-out

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thresholds have not met for 1,000,000 shares of deferred LF Common Stock and 500,000 shares of which being held by each of Sponsor and LHC, given that they are subject to the valuation of the Class A Stock reaching certain thresholds during the twenty-four month period following the closing of the Merger; and (b) 1,125,698 shares of LF Common Stock being redeemed by certain holders of LF Common Stock after the date of the Merger Agreement upon the special meeting of stockholders of LF Capital on 17 September 2020 was not redeemed as at 30 June 2020, accordingly the Company, through LHC, will be interested in approximately 67.44% of the issued share capital of LF Capital; and Landsea Homes will be wholly-owned by LF Capital. Accordingly, Landsea Homes will cease to be a wholly-owned subsidiary of the Company and become a non-wholly owned subsidiary of the Company upon Completion.

For certain unaudited pro forma financial information of the Group following the completion of the Merger and the Proposed Spin-off, which illustrates the financial effects of the Merger and Proposed Spin-off on the assets and liabilities of the Group assuming Completion had taken place on 30 June 2020, please refer to Appendix IV to the Circular.

As a result of the Merger and Proposed Spin-off:

- (i) the total assets of the Group would increase from approximately RMB25,698 million to approximately RMB26,329 million;
- (ii) the total liabilities of the Group would increase from approximately RMB20,212 million to approximately RMB20,270 million due to inclusion of LF Capital's liabilities of public warrants and private placement warrants upon the Merger.

The Merger and Proposed Spin-off does not constitute a business combination under HKFRS 3 Business Combinations and will be accounted for in the Group's consolidated financial statements as a continuation of the financial statements of Landsea Homes, together with a deemed issue of shares by Landsea Homes for the acquisition of LF Capital. This deemed issue of shares by Landsea Homes will be accounted for as an equity-settled share-based payment transaction whereby Landsea Homes will be receiving the net assets of LF Capital, generally cash, together with the listing status of LF Capital. The difference between the fair value of the shares that are deemed to have been issued by Landsea Homes and the fair value of the net assets of LF Capital assuming Closing had taken place on 30 June 2020, will be expensed in profit or loss as listing expense of approximately from RMB540 million to RMB555 million based on the assumptions stated in the "MERGER AND PROPOSED SPIN-OFF — Merger Agreement — Subject Matter" in the Letter from the Board as LF Capital's listing status does not qualify for recognition as an asset. Shareholders should note that the actual expense from the Merger and Proposed Spin-off of the Group to be recorded by the Company will depend on the final amount of fair value of Landsea Homes and the financial position of the LF Capital as at the date of Completion. In addition, preliminary estimated transaction costs incurred by the Group and LF Capital of approximately RMB135 million inclusive of advisory, banking, printing, legal, accounting and deferred underwriters' fees that are expected to be paid as a part of the Business Combination. Provided that existing employment

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agreements with certain Landsea executives contained a provision for accelerating vesting of phantom stock awards that will be triggered upon consummation of the Business Combination, additional RMB21 million will be expensed in profit or loss.

Shareholders should note that the aforesaid financial impact (i.e. a listing expense to be expensed in profit or loss of the Group) as a result of the Merger and Proposed Spin-off is assessed under HKFRS. If the assessment were to be made in accordance with generally accepted accounting principles in the United States (“US GAAP”) or the generally accepted accounting principles in the PRC, the difference between the fair value of the shares that are deemed to have been issued by Landsea Homes and the fair value of the net assets of LF Capital will be recorded as a reduction to equity and no impact will be resulted in the profit or loss of the Group. Despite that a listing expense will be expensed in profit or loss of the Group under HKFRS, Shareholders should note that no impact on the cash flow of the Group will be resulted due to the Merger and Proposed Spin-off and an amount of approximately US\$90,000,000 of cash will be recorded in the financial statements of the Group as a result of the Merger. Accordingly, the expenses to be incurred to the profit or loss of the Group as a result of the Merger and Proposed Spin-off will not have a material impact to the Group’s net core profit.

We note that, upon completion of the Merger and the Proposed Spin-off, the financial results of Landsea Homes will continue to be consolidated into the Company’s accounts, with the accounts of the Remaining Group. As such, the Company and the Shareholders will continue to enjoy the benefits from the growth and development of Landsea Homes. In view of this, and taking into account the above section headed “F. Reasons for and Benefits of the Merger and Proposed Spin-off”, we concur with the management’s view that the Merger and the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole.

Also, we note from the Company’s annual report for the year ended 31 December 2019 that the Group has sound debt structure and diversified financing. In 2019, the Group has adhered to its strategies and maintained steady business operation, while actively diversifying its access to financing. In the first half of 2019, the Company successfully issued a total of USD200 million in green bonds, which was granted “E1”, the highest in the rank, again in S & P’s Green Evaluation. Major breakthroughs have also been made in asset securitization financing. Debt structure has also kept enhanced. Due to sound and prudent operating strategies taken, the Company can enjoy sufficient cash flow and a low debt ratio, which has put the Company in a sound position to capture development opportunities in the future.

In terms of the Group’s capital and debt structure, we also note that, as at 31 December 2019, the on-balance sheet net debts to equity ratio of the Group was approximately 40.2% (as at 31 December 2018: 34.0%), representing an increase of 6.2 percentage points as compared with 31 December 2018, which remains low in the industry. The off-balance sheet net debts as at 31 December 2019 were RMB1.39 billion. The aggregate on-balance sheet and off-balance sheet net debts were RMB3.84 billion. The aggregate on-balance sheet and off-balance sheet net debts to equity ratio was approximately 62.9% as at 31 December 2019 (as at 31 December 2018: 39.8%),

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representing an increase of 23.1 percentage points as compared with 31 December 2018. The Group's debt to total assets ratio (total borrowings divided by total assets) was approximately 26.9% as at 31 December 2019 (as at 31 December 2018: 26.2%). In addition, the debt to assets ratio of the Group as at 31 December 2019 was 76.4% (as at 31 December 2018: 82.2%), which slightly decreased as compared with 31 December 2018. We understand from the Company that the management will continue to monitor the Group's capital and debt structure from time to time with aim of controlling short-term debt ratio and mitigating its exposure to the risk of gearing.

Waiver relating to certain financial disclosure requirements

Rule 14.67(6)(a)(i) of the Listing Rules requires a listed issuer to include, among others, an accountants' report on the company being acquired in accordance with Chapter 4 of the Listing Rules (the "**LF Capital Accountants' Report**") in the circular issued in relation to a major transaction.

The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the disclosure requirements under Rule 14.67(6)(a)(i) of the Listing Rules on the following grounds:

- (a) LF Capital is what is commonly referred to as a "blank check" company with no current business operations, pending its acquisition of the Landsea Homes Group, and assets that consist almost entirely of cash and cash equivalents and marketable securities held in trust account. LF Capital therefore has no substantive business operations that are relevant to the Company's principal business activities. The Directors are therefore of the view that the only financial information of LF Capital that is meaningful to the Shareholders for assessing the impact of the Merger and the Proposed Spin-off is the amount of cash and cash equivalents and marketable securities held in trust account on the balance sheet of LF Capital, which is reflected in the unaudited pro form consolidated financial position of the Group following the completion of the Merger and the Proposed Spin-off as set forth in Appendix IV to the Circular;
- (b) LF Capital is a company listed on Nasdaq, and it publishes its financial information on a regular basis pursuant to applicable laws and regulations. Such financial information can be easily obtained by the Shareholders and will enable them and the investing public to make a properly informed assessment of LF Capital's historical financial performance;
- (c) it is impracticable to gain full access to the underlying books and records or other financial information of LF Capital for the preparation of the financial information of LF Capital for the relevant financial years in compliance with the requirements of Rule 14.67(6)(b)(i) of the Listing Rules prior to completion of the Merger;
- (d) LF Capital's financial statements are prepared in accordance with US GAAP. LF Capital's auditors issued a clean opinion on the audited financial statements. LF Capital's auditors are RSM LLP, a firm of accountants with international

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name and reputation, and are registered under the applicable laws of the United States. The Company's financial statements are prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”);

- (e) given that the historical financial information of LF Capital is not meaningful to the Shareholders for assessing the impact of the Merger and the Proposed Spin-off, and LF Capital and the Company have adopted different financial reporting standards, it is unduly burdensome for the Company to engage internal and external resources to prepare an accountants' report on LF Capital as required under Rule 14.67(6)(a)(i) of the Listing Rules in light of the substantial time and costs required; and
- (f) in replacement of the LF Capital Accountants' Report prepared in accordance with HKFRS, the following disclosures have been included in the Circular:
 - (i) the published audited financial information on LF Capital for the year ended 31 December 2017, 2018 and 2019 and the published reviewed financial information on LF Capital for the six months ended 30 June 2020 prepared in accordance with US GAAP as set forth in Appendix II to the Circular;
 - (ii) the management discussion and analysis of the financial information of LF Capital as set forth in Appendix III to the Circular; and
 - (iii) a line-by-line reconciliation of the financial statements of LF Capital for the period/year ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 to address the differences in LF Capital's financial statements had they been prepared in accordance with the Company's accounting policies under HKFRS, with explanations of the differences (the “**Reconciliation**”). The Company's auditors, PricewaterhouseCoopers, will conduct work on the Reconciliation in accordance with the Hong Kong Standard of Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by HKICPA, as set forth in Appendix II to the Circular.

In view of the above, the Directors are of the view that the published financial information of LF Capital reproduced in the Circular, when taken together with the related management discussion and analysis and the Reconciliation, will give Shareholders all information necessary to assess the financial performance of LF Capital through the periods presented, such information being broadly commensurate in all material aspects to the disclosure that would otherwise have been provided if an accountant's report on LF Capital had been produced under Rule 14.67(6)(a)(i) of the Listing Rules.

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RECOMMENDATION

We are of the view that the Merger and the Proposed Spin-off is a strategic move for the Group to help realise the value and potential of Landsea Homes. The opportunity to value Landsea Homes on a stand-alone basis may attract new investors who are interested in the US Property Development Business. The Merger and the Proposed Spin-off provides an opportunity to raise funding for further business development of the Group and the separate funding platforms would provide financing flexibility for Landsea Homes. The Merger and the Proposed Spin-off is also expected to create a more defined business focus and flexibility by adopting of separate business and financing strategies for each of the Remaining Group and Landsea Homes.

Having considered the principal factors and reasons referred to above, we are of the view that the terms of the Merger and the Proposed Spin-off are fair and reasonable to the Shareholders and that the Merger and the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the Merger, the Proposed Spin-off and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Trinity Corporate Finance Limited
Joanne Pong
Responsible Officer

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three years ended 31 December 2019 and six months ended 30 June 2020 are disclosed in the annual reports of the Company for each of the three years ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020; together with the relevant notes thereto are disclosed in the following documents which have been published and are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (www.landsea.hk):

The audited consolidated financial statements of the Group for the year ended 31 December 2017 are set out on pages 112 to 290 in the Annual Report 2017 of the Company, which was published on 24 April 2018 as follow:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0424/ltn20180424455.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2018 are set out on pages 116 to 334 in the Annual Report 2018 of the Company, which was published on 23 April 2019 as follow:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0423/ltn201904231159.pdf>

The audited consolidated financial statements of the Group for the year ended 31 December 2019 are set out on pages 135 to 361 in the Annual Report 2019 of the Company, which was published on 24 April 2020 as follows:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0424/2020042401699.pdf>

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2020 are set out on pages 36 to 110 in the Interim Report 2020 of the Company, which was published on 17 September 2020 as follows:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0917/2020091700593.pdf>

2. STATEMENT OF INDEBTEDNESS

As at 31 October 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding indebtedness of approximately RMB7,114.51 million, consisting of current borrowings of approximately RMB991.84 million, non-current borrowings of approximately RMB6,074.83 million and lease liabilities of approximately RMB47.84 million.

As at 31 October 2020, LF Capital had outstanding indebtedness of approximately RMB1,115.45 million, consisting of Class A common stock with redemption right, public and private placement warrants, convertible notes and promissory notes.

As at 31 October 2020, the Group had cooperated with various financial institutions to arrange mortgaged loan facilities for the purchasers of its properties and provided guarantees to secure such purchasers' obligation of repayments. The outstanding mortgage loans under these guarantees amounted to approximately RMB1,216.52 million. Such guarantees will be released

by banks upon earlier of the issuance of the real estate ownership certificate and the satisfaction of relevant mortgaged loan. In addition, the Group provided guarantees for bank loans with the amount of RMB24.00 million for one joint venture of the Group as of 31 October 2020. The Group provided guarantees for lease payment with the amount of RMB325.32 million and any other possible contingent liabilities within the lease arrangement for one joint venture of the Group as of 31 October 2020.

Save as otherwise disclosed above, and apart from intra-group liabilities and normal trade payables, the Group did not have, at the close of business on 31 October 2020, any other debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptance (other than normal trade bills) or acceptance credits or hire purchase commitments, any other mortgages and charges or any guarantees or any finance lease commitments or material contingent liabilities.

3. WORKING CAPITAL

Taking into account the financial resources available to the Group, including the internally generated funds, and the presently available facilities, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

Since the outbreak of COVID-19 in 2020, the globalisation process faced hindrance, making it difficult to find driving force to support sustainable economic growth on a global scale. International relations have transformed from cooperation to confrontation. The domestic and foreign economic situation is not optimistic. The era of rapid growth in the real estate industry with vast opportunities has passed, and the future will be an era of high risk, high investment, low returns and low fault tolerance.

The Company believes that this is a long-term trend, and the incremental era of the PRC's real estate advancement will turn into an era of stable development. Under the dual impact of the COVID-19 pandemic and the accelerated restructuring of the real estate industry, the industry and the market pay more attention to green and healthy residential products, and improvement will become a rigid need. The Company believes that under the downturn of real estate industry in the "bear market", the Group will obtain better development opportunities with differentiated products and differentiated business models.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, the date to which the latest published audited financial statements of the Group were made up.

As described in “Letter from the Board — Waiver Relating to Certain Financial Disclosure Requirement”, the Company has applied to the Stock Exchange for, and has been granted, a waiver from the requirement to produce an accountants’ report on LF Capital in accordance with Rule 14.69(4)(a)(i) of the Listing Rules. Instead, this circular contains a copy of:

- (a) the published audited financial statements of LF Capital for the period/years ended 31 December 2017, 2018 and 2019 prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); and
- (b) the published unaudited interim condensed financial statements of LF Capital for the six months ended 30 June 2020 prepared in accordance with U.S. GAAP.

The published audited financial statements and the unaudited interim condensed financial statements of LF Capital mentioned above (the “**LF Capital Historical Track Record Accounts**”) cover the financial position of LF Capital as at 31 December 2017, 2018, 2019 and 30 June 2020 and the results of LF Capital for the period/years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020 (the “**Relevant Periods**”).

The accounting policies adopted in the preparation of the LF Capital Historical Track Record Accounts differ in certain material respects from the accounting policies presently adopted by the Company which comply with HKFRS. Differences which would have a significant effect on the LF Capital Historical Track Record Accounts, had they been prepared in accordance with the accounting policies presently adopted by the Company rather than in accordance with U.S. GAAP, are set out below in Reconciliation Information with the following disclosures:

- (a) a comparison between LF Capital’s statements of operations as extracted from the LF Capital Historical Track Record Accounts, prepared in accordance with U.S. GAAP, and adjusted statements of comprehensive income had they instead been prepared in accordance with the accounting policies adopted by the Company which are in compliance with HKFRS. The process applied in the preparation of such a comparison is set out in the “Basis of Preparation” and “Reconciliation Process” sections below; and
- (b) a comparison between LF Capital’s balance sheets as extracted from the LF Capital Historical Track Record Accounts, prepared in accordance with U.S. GAAP, and adjusted balance sheets had they instead been prepared in accordance with the accounting policies adopted by the Company which are in compliance with HKFRS. The process applied in the preparation of such a comparison is also set out in the “Basis of Preparation” and “Reconciliation Process” sections below; and

The above referenced items are collectively referred to as the “**Reconciliation Information**”.

I. PUBLISHED FINANCIAL INFORMATION OF LF CAPITAL FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019 AND THE SIX MONTHS ENDED 30 JUNE 2020

For the purpose of this section only, unless the context requires otherwise, references to the “Company”, “we”, “us” and “our” refer to LF Capital and references to “\$” refer to US\$.

1. The following is an extract of the audited financial statements of LF Capital for the period from 29 June 2017 (date of incorporation) to 31 December 2017, which were prepared in accordance with U.S. GAAP, from the 2017 Annual Report on DRS/A Draft Registration Statement of LF Capital issued on 21 February 2018.

The 2017 Annual Report on DRS/A Draft Registration Statement have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

<https://www.sec.gov/Archives/edgar/data/1721386/000114420418010003/filename1.htm>

BALANCE SHEET

31 December 2017

US\$

Assets

Current Assets:

Cash 19,538**Total current assets** 19,538Deferred offering costs associated with initial public offering 178,283**Total assets** **197,821****Liabilities and Stockholder's Deficit**

Current liabilities:

Accounts payable 76,804Accrued expenses 18,600Note payable — related parties 200,000**Total current liabilities** **295,404****Commitments****Stockholder's Deficit:**Preferred stock, \$0.0001 par value; 1,000,000 shares authorized;
none issued and outstanding —Class A common stock, \$0.0001 par value; 100,000,000 shares authorized;
none issued and outstanding —Convertible Class B common stock, \$0.0001 par value; 15,000,000 shares
authorized; 3,881,250 shares issued and outstanding ⁽¹⁾⁽²⁾ 388Additional paid-in capital 24,612Accumulated deficit (122,583)**Total stockholder's deficit** (97,583)**Total Liabilities and Stockholder's Deficit** **197,821***Notes:*

- (1) This number includes up to 506,250 shares subject to forfeiture if the over-allotment option is not exercised in full or in part by the underwriters.
- (2) The share amounts have been retroactively restated to reflect the surrender of 431,250 shares from the Sponsor in February 2018 (see Note 5).

STATEMENT OF OPERATIONS*For the period from 29 June 2017 (inception) to 31 December 2017*

	US\$
General and administrative expenses	<u>122,588</u>
Loss from operations	(122,588)
Interest Income	<u>5</u>
Net loss	<u><u>(122,583)</u></u>
Weighted average shares outstanding, basic and diluted ⁽¹⁾⁽²⁾	<u><u>3,375,000</u></u>
Basic and diluted net loss per share	<u><u>(0.04)</u></u>

Notes:

- (1) This number excludes an aggregate of up to 506,250 shares subject to forfeiture if the over-allotment option is not exercised in full or in part by the underwriters.
- (2) The share amounts have been retroactively restated to reflect the surrender of 431,250 shares from the Sponsor in February 2018 (see Note 5).

STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIT

For the period from 29 June 2017 (inception) to 31 December 2017

	Common Stock		Additional Paid-in Capital US\$	Accumulated Deficit US\$	Total Stockholder's Deficit US\$
	Class A Shares	Class B Shares			
Balance — 29 June 2017 (Inception)	—	—	—	—	—
Issuance of Class B common stock to Sponsor ^{(1)/(2)}	—	3,881,250	388	—	25,000
Net loss	—	—	—	(122,583)	(122,583)
Balance — 31 December 2017	—	3,881,250	388	(122,583)	(97,583)

Notes:

- (1) This number includes up to 506,250 shares subject to forfeiture if the over-allotment option is not exercised in full or in part by the underwriters.
- (2) The share amounts have been retroactively restated to reflect the surrender of 431,250 shares from the Sponsor in February 2018 (see Note 5).

STATEMENT OF CASH FLOWS*For the period from 29 June 2017 (inception) to 31 December 2017*

US\$

Cash Flows from Operating Activities:

Net loss	(122,583)
Changes in operating assets and liabilities:	
Accounts payable	27,118
Accrued expenses	<u>13,600</u>

Net cash used in operating activities (81,865)

Cash Flows from Financing Activities:

Proceeds from note payable to related parties	200,000
Proceeds from issuance of Class B common stock to Sponsor	25,000
Payment of deferred offering costs	<u>(123,597)</u>

Net cash provided by financing activities 101,403

Net increase in cash 19,538

Cash — beginning of the period —

Cash — ending of the period 19,538

Supplemental disclosure of noncash investing and financing activities:

Deferred offering costs included in accrued expenses	5,000
Deferred offering costs included in accounts payable	49,686

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

LF Capital Acquisition Corp. (the “Company”) is a newly organized blank check company incorporated in the state of Delaware on 29 June 2017. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses that the Company has not yet identified (“Business Combination”). Although the Company is not limited to a particular industry or geographic region for purposes of consummating a Business Combination, the Company intends to capitalize on the ability of its management team to focus its search for a target business in the commercial banking and financial technology industries.

At 31 December 2017, the Company had not yet commenced operations. All activity through 31 December 2017 relates to the Company’s formation and the Proposed Offering, which is described below. The Company has selected 31 December as its fiscal year end.

The Company’s ability to commence operations is contingent upon obtaining adequate financial resources through a proposed initial public offering of 13,500,000 units at \$10.00 per unit (or 15,525,000 units if the underwriters’ over-allotment option is exercised in full) (“Units” and, with respect to the Class A common stock included in the Units being offered, the “Public shares”) which is discussed in Note 3 (the “Proposed Offering”) and the sale of 5,300,000 warrants (or 5,907,500 warrants if the underwriters’ over-allotment option is exercised in full) (“Private Placement Warrants”) at a price of \$1.00 per warrant in a private placement to the Company’s Sponsor, Level Field Capital, LLC (“Sponsor”) that will close simultaneously with the Proposed Offering. The Company’s management has broad discretion with respect to the specific application of the net proceeds of its Proposed Offering and Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The Company’s initial Business Combination must be with one or more target businesses that together have an aggregate fair market value of at least 80% of the assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on income earned on the trust account) at the time of the agreement to enter into the initial Business Combination. However, the Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act 1940, as amended, or the Investment Company Act. Upon the closing of the Proposed Offering, management has agreed that an amount equal to at least \$10.10 per Unit sold in the Proposed Offering, including a portion of the proceeds of the Private Placement Warrants, will be held in a trust account (“Trust Account”) and invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as described below.

The Company will provide its shareholders of Public shares (“Public Shareholders”) with the opportunity to redeem all or a portion of their Public shares upon the completion of a Business Combination either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. If, however, shareholder approval of the transaction is required by law or stock exchange listing requirement, or the Company decides to obtain shareholder approval for business or other legal reasons, it will: (i) conduct the redemptions in conjunction with a proxy solicitation pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which regulates the solicitation of proxies, and not pursuant to the tender offer rules; and (ii) file proxy materials with the Securities and Exchange Commission (“SEC”). The public shareholders will be entitled to redeem their Public shares for a pro rata portion of the amount then in the Trust Account (initially approximately \$10.10 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations, less up to \$100,000 of interest to pay dissolution expenses). The per-share amount to be distributed to public shareholders who redeem their Public shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 6). These Public shares will be recorded at a redemption value and classified as temporary equity upon the completion of the Proposed Offering, in accordance with Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” In such case, the Company will proceed with a Business Combination if the Company has

net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by the law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Articles of incorporation, conduct the redemptions pursuant to the tender offer rules of the SEC, and file tender offer documents with the SEC prior to completing a Business Combination. If, however, a shareholder approval of the transactions is required by law, or the Company decides to obtain shareholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each public shareholder may elect to redeem their Public shares irrespective of whether they vote for or against the proposed transaction. If the Company seeks shareholder approval in connection with a Business Combination, the initial shareholders (as defined below) have agreed to vote their founder shares (as defined in Note 5) and any Public shares purchased during or after the Proposed Offering in favor of a Business Combination. In addition, the initial shareholders have agreed to waive their redemption rights with respect to their founder shares and Public shares in connection with the completion of a Business Combination.

Notwithstanding the foregoing, the Company's Amended and Restated Articles of incorporation provides that a public shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a "group" (as defined under Section 13 of the Exchange Act), will be restricted from redeeming its shares with respect to more than an aggregate of 20% or more of the Class A common stock sold in the Proposed Offering, without the prior consent of the Company.

If the Company is unable to complete a Business Combination within 24 months from the closing of the Proposed Offering (the "Combination Period"), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more than ten business days thereafter, redeem 100% of the outstanding Public shares which redemption will completely extinguish public stockholder's rights as shareholders (including the right to receive further liquidation distributions, if any), subject to applicable law and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the Company's board of directors, proceed to commence a voluntary liquidation and thereby a formal dissolution of the Company, subject in each case to its obligations to provide for claims of creditors and the requirements of applicable law.

In connection with the redemption of 100% of the Company's outstanding Public shares for a portion of the funds held in the Trust Account, each holder will receive a full pro rata portion of the amount then in the Trust Account, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay for its franchise and income taxes (less up to \$100,000 of interest to pay dissolution expenses).

The initial shareholders have agreed to waive their liquidation rights with respect to the founder shares if the Company fails to complete a Business Combination within the Combination Period. However, if the initial shareholders should acquire Public shares in or after the Proposed Offering, they will be entitled to liquidating distributions from the Trust Account with respect to such Public shares if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Company's Public shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be only \$10.10 per share initially held in the Trust Account (or less than that in certain circumstances). In order to protect the amounts held in the Trust Account, the Sponsor have agreed to be liable to the Company, jointly and severally, if and to the extent any claims by a vendor for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in or to any monies held in the Trust Account or to any claims under the Company's indemnity of the underwriters of the Proposed Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company's independent auditors), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the Company are presented in U.S. dollars in conformity with accounting principles generally accepted in the U.S. (“U.S. GAAP”). In connection with the Company’s assessment of going concern considerations in accordance with ASU 2014-15, “Disclosures of Uncertainties about an Entity’s Ability to Continue as a Going Concern”, as of 31 December 2017, the Company does not have sufficient liquidity to meet its current obligations. However, management has determined that the Company has access to funds from the Sponsor entity that are sufficient to fund the working capital needs of the Company until the earlier of the consummation of the Proposed Offering or a minimum one year from the date of issuance of these financial statements.

Emerging growth company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company’s financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Deferred offering costs

Deferred offering costs consist of legal, accounting, underwriting fees and other costs incurred through the balance sheet date that are directly related to the Proposed Offering and that will be charged to stockholder’s equity (deficit) upon the completion of the Proposed Offering. Should the Proposed Offering prove to be unsuccessful, these deferred costs, as well as additional expenses to be incurred, will be charged to operations.

Income taxes

The Company accounts for income taxes under ASC Topic 740 “Income Taxes” (“ASC 740”). ASC 740 requires the recognition of deferred tax assets and liabilities for both the expected impact of differences between the financial statement and tax basis of assets and liabilities and for the expected future tax benefit to be derived from tax loss and tax credit carry forwards. ASC 740 additionally requires a valuation allowance to be established when it is more likely than not that all or a portion of deferred tax assets will not be realized.

The Company has recorded deferred tax assets relating to expenses deferred for income tax purposes as of 31 December 2017 amounting to approximately \$39,000, as well as offsetting full valuation allowances, as the Company is not currently generating income that will allow this asset to be realized. On 22 December 2017, the Tax Cuts and Jobs Act was signed into legislation. As part of the legislation, the U.S. corporate income tax rate was reduced to 21%. The Company has a full valuation allowance against its deferred tax assets, and therefore no deferred tax expense has been recorded as a result of the reduced tax rate.

The table below sets forth the Company’s deferred tax assets.

	31 December 2017
	<i>US\$</i>
Deferred tax assets:	
Net operating loss carryovers	686
Start-up cost	<u>38,313</u>
Total deferred tax assets	<u>38,999</u>
Valuation allowance	<u>(38,999)</u>
Deferred tax assets, net of allowance	<u>—</u>

The reconciliation of the U.S. federal statutory income tax rate to the Company’s effective tax rate for the period from 29 June 2017 (inception) through 31 December 2017 was as follows:

	31 December 2017
Statutory federal income tax rate	(34.0)%
State and local taxes, net of federal benefit	(0.0)%
Tax rate change	13.0%
Meals and entertainment	0.6%
Change in valuation allowance	<u>20.4%</u>
Income tax provision (benefit)	<u>0.0%</u>

Net loss per share

The Company complies with accounting and disclosure requirements of ASC Topic 260, “Earnings Per Share.” Net loss per share is computed by dividing net loss by the weighted average number of common stock outstanding during the period, excluding common stock subject to forfeiture by the initial shareholders. Weighted average shares were reduced for the effect of an aggregate of 506,250 common stock that are subject to forfeiture if the over-allotment option is not exercised by the underwriters (see Note 7). At 31 December 2017, the Company did not have any dilutive securities and other contracts that could, potentially, be exercised or converted into common stock and then share in the earnings of the Company. As a result, diluted loss per share is the same as basic loss per share for the period presented.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of a cash account in a financial institution which, at times may exceed the Federal depository insurance coverage of \$250,000. At 31 December 2017, the Company had not experienced losses on this account and management believes the Company is not exposed to significant risks on such account.

Fair value of financial instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

3. PROPOSED OFFERING

Pursuant to the Proposed Offering, the Company will offer for sale up to 13,500,000 Units (or 15,525,000 Units if the underwriters' over-allotment option is exercised in full) at a purchase price of \$10.00 per Unit. Each Unit will consist of one Class A common stock and one redeemable warrant ("Public Warrant"). Each Public Warrant will entitle the holder to purchase one Class A share at an exercise price of \$11.50 per share, subject to adjustment (see Note 7).

4. PRIVATE PLACEMENT

The Sponsor has committed to purchase an aggregate of 5,300,000 Private Placement Warrants (or 5,907,500 Private Placement Warrants if the underwriters' over-allotment is exercised in full) at \$1.00 per warrant (\$5.3 million in the aggregate or \$5.9075 million if the over-allotment option is exercised in full) in a private placement that will close simultaneously with the closing of the Proposed Offering. Each Private Placement Warrant is exercisable to purchase one Class A share at \$11.50 per share. A portion of the proceeds from the Private Placement Warrants will be added to the proceeds from the Proposed Offering to be held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the Private Placement Warrants will expire worthless.

5. RELATED PARTY TRANSACTIONS**Founder Shares**

In August 2017, the Company issued an aggregate of 4,312,500 shares of Class B common stock to the Sponsor (the "founder shares") in exchange for an aggregate capital contribution of \$25,000. In February 2018 our sponsor forfeited 431,250 founder shares, resulting in a decrease in the total number of founder shares from 4,312,500 to 3,881,250. All share amounts presented in the financial statements have been retroactively restated to reflect these share forfeitures. Of the 3,881,250 founder shares, the Sponsor has agreed to forfeit an aggregate of up to 506,250 founder shares to the extent that the over-allotment option is not exercised in full by the underwriters. The forfeiture will be adjusted to the extent that the over-allotment option is not exercised in full by the underwriters so that the founder shares will represent 20.0% of the Company's issued and outstanding shares after the Proposed Offering. The founder shares will automatically convert into Class A common stock upon the consummation of a Business Combination, or earlier at the option of the holder, on a one-for-one basis, subject to adjustment (see Note 7).

The initial shareholders have agreed not to transfer, assign or sell any of their founder shares until the earliest of (a) one year after the completion of the initial Business Combination, (b) subsequent to the initial Business Combination, if the last reported sale price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination, or (C) following the completion of the initial Business

Combination, such future date on which the Company completes a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of our public stockholders having the right to exchange their common stock for cash, securities or other property.

Office Space and Related Support Services

The Company intends to agree, commencing on the effective date of the Proposed Offering through the earlier of the Company's consummation of a Business Combination and its liquidation, to pay an affiliate of the Sponsor a monthly fee of \$10,000 for office space, utilities and secretarial and administrative support.

Board Member Agreement

In September 2017, the Company entered into an agreement with one of its board members pursuant to which the board member was paid a cash fee of \$12,500 per month in exchange for his service during 2017. The Company incurred \$50,000 in fees related to this service for the period from 29 June 2017 (inception) through 31 December 2017, and included in the general and administrative expenses in the accompanying Statement of Operations.

Promissory Note — Related Party

The Sponsor has agreed to loan the Company an aggregate of up to \$300,000 to be used for the payment of costs related to the Proposed Offering. The loan is non-interest bearing, unsecured and due on the earlier of 31 December 2018 or the closing of the Proposed Offering. The Company intends to repay the loan from the proceeds of the Proposed Offering not being placed in the Trust Account. As of 31 December 2017, the Company borrowed an aggregate of \$200,000 under the promissory note.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of our officers and directors may, but are not obligated to, loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans, other than the interest on such proceeds that may be released for working capital purposes. Except for the foregoing, the terms of such Working Capital Loans, if any, have not been determined and no written agreements exist with respect to such loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1,500,000 of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants.

6. COMMITMENTS & CONTINGENCIES

Registration Rights

The holders of the founder shares and Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans (and any Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans) will be entitled to registration rights (in the case of the Founder Shares, only after conversion of such shares to shares of Class A common stock) pursuant to a registration rights agreement to be signed prior to or on the effective date of the Proposed Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the consummation of a Business Combination. However, the registration rights agreement provides that the

Company will not permit any registration statement filed under the Securities Act to become effective until termination of the applicable lock-up period for the securities to be registered. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The Company will grant the underwriters a 45-day option from the date of the Proposed Offering to purchase up to 2,025,000 additional Units to cover over-allotments, if any, at the price paid by the underwriters in the Proposed Offering.

The underwriters will be entitled to an underwriting discount of \$0.20 per unit, or \$2.7 million in the aggregate (or \$3.105 million in the aggregate if the underwriters' over-allotment option is exercised in full), payable upon the closing of the Proposed Offering. Additionally, a deferred underwriting discount of \$0.35 per unit, or \$4.725 million in the aggregate (or \$5.434 million in the aggregate if the underwriters' over-allotment option is exercised in full) will be payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

7. STOCKHOLDER'S DEFICIT

Class A Common stock — The Company is authorized to issue 100,000,000 shares of Class A common stock with a par value of \$0.0001 per share. At 31 December 2017, there are no Class A common stock issued or outstanding.

Holders of the Class A common stock and holders of the Class B common stock will vote together as a single class on all matters submitted to a vote of our stockholders, except as required by law. Each share of common stock will have one vote on all such matters.

Class B Common stock — The Company is authorized to issue 15,000,000 shares of Class B common stock with a par value of \$0.0001 per share. Holders of the Company's Class B common stock are entitled to one vote for each share on each matter on which they are entitled to vote. In August 2017, the Company initially issued 4,312,500 Class B common stock. In February 2018, in connection with the decrease of the size of the Proposed Offering, the Sponsor forfeited 431,250 shares of Class B common stock, resulting in a decrease in the total number of founder shares from 4,312,500 to 3,881,250. All share amounts presented in the financial statements have been retroactively restated to reflect these share forfeiture. Of the 3,881,250 shares of Class B common stock, an aggregate of up to 506,250 shares are subject to forfeiture to the Company by the Sponsor for no consideration to the extent that the underwriters' over-allotment option is not exercised in full, so that the initial stockholders will collectively own 20% of the Company's issued and outstanding common stock after the Proposed Offering.

The Class B common stock will automatically convert into Class A common stock on the first business day following the consummation of the initial Business Combination, or earlier at the option of the holders, on a one-for-one basis, subject to adjustment. In the case that additional Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts sold in the Proposed Offering and related to the closing of the initial Business Combination, the ratio at which the Class B common stock shall convert into Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance, including a specified future issuance) so that the number of Class A common stock issuable upon conversion of all Class B common stock will equal, in the aggregate, 20% of the sum of the total number of all common stock outstanding upon the completion of the Proposed Offering plus all Class A common stock and equity-linked securities issued or deemed issued in connection with the initial Business Combination, excluding any shares or equity-linked securities issued, or to be issued, to any seller in the initial Business Combination.

Preferred Stock — The Company is authorized to issue 1,000,000 preferred shares with a par value of \$0.0001 per share. At 31 December 2017, there are no preferred shares issued or outstanding.

Warrants — The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination or (b) 12 months from the closing of the Proposed Offering; provided in each case that the Company has an effective registration statement under the Securities Act covering the Class A common stock issuable upon exercise of the Public Warrants and a current prospectus relating to them is available (or the Company

permits holders to exercise their Public Warrants on a cashless basis and such cashless exercise is exempt from registration under the Securities Act). The Company has agreed that as soon as practicable, but in no event later than 15 business days, after the closing of a Business Combination, the Company will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A common stock issuable upon exercise of the Public Warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Public Warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A common stock issuable upon exercise of the warrants is not effective by the sixtieth (60th) day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Proposed Offering, except that the Private Placement Warrants and the Class A common stock issuable upon exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be non-redeemable so long as they are held by the initial purchasers or such purchasers’ permitted transferees. If the Private Placement Warrants are held by someone other than the initial shareholders or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company may call the Public Warrants for redemption (except with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon a minimum of 30 days’ prior written notice of redemption; and
- if, and only if, the last reported closing price of the shares equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement.

The exercise price and number of Class A shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of Class A shares at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants shares. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company’s assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

8. SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to 21 February 2018, the date that the financial statements were available to be issued.

2. The following is an extract of the audited financial statements of LF Capital for the year ended 31 December 2018, which were prepared in accordance with U.S. GAAP, from the 2018 Annual Report on Form 10-K of LF Capital issued on 5 March 2019.

The 2018 Annual Report on Form 10-K have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1721386/000173112219000106/e1243_10k.htm

BALANCE SHEETS

	31 December	
	2018	2017
	<i>US\$</i>	<i>US\$</i>
Assets		
Current assets:		
Cash and cash equivalents	196,804	19,538
Prepaid expenses	<u>43,214</u>	<u>—</u>
Total current assets	240,018	19,538
Deferred offering costs associated with initial public offering	—	178,283
Marketable securities held in Trust Account	<u>159,718,098</u>	<u>—</u>
Total assets	<u>159,958,116</u>	<u>197,821</u>
Liabilities and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	108,292	76,804
Accrued expenses	6,500	18,600
Franchise tax payable	200,000	—
Note payable — related parties	<u>—</u>	<u>200,000</u>
Total current liabilities	314,792	295,404
Deferred underwriting commissions	<u>5,433,750</u>	<u>—</u>
Total liabilities	<u>5,748,542</u>	<u>295,404</u>
Commitments		
Class A common stock, \$0.0001 par value; 14,500,444 and -0- shares subject to possible redemption at \$10.29 and -0- per share at 31 December 2018 and 2017, respectively	149,209,569	—
Stockholders' Equity (Deficit):		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding at 31 December 2018 and 2017, respectively	—	—
Class A common stock, \$0.0001 par value; 100,000,000 shares authorized; 1,024,556 and -0- shares issued and outstanding (excluding 14,500,444 and -0- shares subject to possible redemption) at 31 December 2018 and 2017, respectively	102	—
Convertible Class B common stock, \$0.0001 par value; 15,000,000 shares authorized; 3,881,250 shares issued and outstanding at 31 December 2018 and 2017, respectively	388	388
Additional paid-in capital	4,529,248	24,612
Retained earnings (Accumulated deficit)	<u>470,267</u>	<u>(122,583)</u>
Total stockholders' equity (deficit)	<u>5,000,005</u>	<u>(97,583)</u>
Total Liabilities and Stockholders' Equity (Deficit)	<u>159,958,116</u>	<u>197,821</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF OPERATIONS

	For the Year Ended 31 December 2018 US\$	For the period from 29 June 2017 (inception) through 31 December 2017 US\$
General and administrative expenses	586,284	120,488
Franchise tax expense	<u>198,617</u>	<u>2,100</u>
Loss from operations	(784,901)	(122,588)
Interest earned on investments and marketable securities	<u>1,688,934</u>	<u>5</u>
Income (loss) before income tax expense	904,033	(122,583)
Income tax expense	<u>311,183</u>	<u>—</u>
Net income (loss)	<u><u>592,850</u></u>	<u><u>(122,583)</u></u>
Weighted average shares outstanding of Class A common stock	<u><u>15,525,000</u></u>	<u><u>—</u></u>
Basic and diluted net income (loss) per share, Class A	<u><u>0.08</u></u>	<u><u>—</u></u>
Weighted average shares outstanding of Class B common stock	<u><u>3,881,250⁽²⁾</u></u>	<u><u>3,375,000⁽¹⁾⁽²⁾</u></u>
Basic and diluted net income (loss) per share, Class B	<u><u>(0.15)</u></u>	<u><u>(0.04)</u></u>

Notes:

- (1) This number excludes an aggregate of up to 506,250 shares subject to forfeiture if the over-allotment option was not exercised in full or in part by the underwriters. On 22 June 2018, the underwriter exercised its over-allotment option in full, hence, these 506,250 shares were no longer subject to forfeiture.
- (2) The share amounts have been retroactively restated to reflect the surrender of 431,250 shares from the Sponsor in February 2018 (see Note 5).

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY (DEFICIT)

	Class A		Common Stock		Class B		Additional Paid-in Capital US\$	Retained Earnings (Accumulated Deficit) US\$	Total Stockholders' Equity (Deficit) US\$
	Shares	Amount US\$	Shares	Amount US\$	Shares	Amount US\$			
Balance — 29 June 2017 (Inception)	—	—	—	—	—	—	—	—	
Issuance of Class B common stock to Sponsor	—	—	3,881,250	388	24,612	—	—	25,000	
Net loss	—	—	—	—	—	—	(122,583)	(122,583)	
Balance — 31 December 2017	—	—	3,881,250	388	24,612	—	(122,583)	(97,583)	
Sale of units in initial public offering	15,525,000	1,553	—	—	155,248,447	—	—	155,250,000	
Offering costs	—	—	—	—	(9,295,693)	—	—	(9,295,693)	
Sale of private placement warrants to Sponsor in private placement	—	—	—	—	7,760,000	—	—	7,760,000	
Common stock subject to possible redemption	(14,500,444)	(1,451)	—	—	(149,208,118)	—	—	(149,209,569)	
Net income	—	—	—	—	—	—	592,850	592,850	
Balance — 31 December 2018	<u>1,024,556</u>	<u>102</u>	<u>3,881,250</u>	<u>388</u>	<u>4,529,248</u>	<u>—</u>	<u>470,267</u>	<u>5,000,005</u>	

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

	For the Year Ended 31 December 2018 US\$	For the period from 29 June 2017 (inception) through 31 December 2017 US\$
Cash Flows from Operating Activities:		
Net income (loss)	592,850	(122,583)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Interest earned on investments and marketable securities held in Trust Account	(1,687,599)	—
Changes in operating assets and liabilities:		
Prepaid expenses	(43,214)	—
Accounts payable	14,032	27,118
Accrued expenses	(7,100)	13,600
Franchise tax payable	200,000	—
Net cash used in operating activities	<u>(931,031)</u>	<u>(81,865)</u>
Cash Flows from Investing Activities		
Principal deposited in Trust Account	(158,355,000)	—
Interest released from Trust Account	324,501	—
Net cash used in investing activities	<u>(158,030,499)</u>	<u>—</u>
Cash Flows from Financing Activities:		
Proceeds from note payable to related parties	260,000	200,000
Repayment of note payable to related parties	(460,000)	—
Proceeds received from initial public offering	155,250,000	—
Offering costs	(3,671,204)	(123,597)
Proceeds received from private placement	7,760,000	—
Proceeds from issuance of Class B common stock to Sponsor	—	25,000
Net cash provided by financing activities	<u>159,138,796</u>	<u>101,403</u>
Net increase in cash	177,266	19,538
Cash — beginning of the period	<u>19,538</u>	<u>—</u>
Cash — end of the period	<u><u>196,804</u></u>	<u><u>19,538</u></u>

	For the Year Ended 31 December 2018 US\$	For the period from 29 June 2017 (inception) through 31 December 2017 US\$
Supplemental disclosure of noncash investing and financing activities:		
Offering costs included in accounts payable	<u>67,142</u>	<u>49,686</u>
Offering costs included in accrued expenses	<u>—</u>	<u>5,000</u>
Deferred underwriting commissions in connection with the initial public offering	<u>5,433,750</u>	<u>—</u>
Reclassification of deferred offering costs to paid-in capital	<u>178,283</u>	<u>—</u>
Change in value of Class A common stock subject to possible redemption	<u>149,209,569</u>	<u>—</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

LF Capital Acquisition Corp. (the “Company”) is a blank check company incorporated in the state of Delaware on 29 June 2017. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses that the Company has not yet identified (“Business Combination”). Although the Company is not limited to a particular industry or geographic region for purposes of consummating a Business Combination, the Company intends to capitalize on the ability of its management team to focus its search for a target business in the commercial banking and financial technology industries.

All activity through 31 December 2018 relates to the Company’s formation and the initial public offering (“Initial Public Offering”), and, since the closing of the Initial Public Offering, a search for a Business Combination candidate. The Company has selected December 31 as its fiscal year end.

The registration statement for the Company’s Initial Public Offering was declared effective on 19 June 2018. On 22 June 2018, the Company consummated its Initial Public Offering of 15,525,000 units (each, a “Unit” and collectively, the “Units”), including 2,025,000 Units issued pursuant to the exercise in full of the underwriters’ over-allotment option, at \$10.00 per Unit, generating gross proceeds of \$155.25 million, and incurring offering costs of approximately \$9.3 million, inclusive of \$5.4338 million in deferred underwriting commissions (Note 3).

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement (“Private Placement”) of 7,760,000 warrants (each, a “Private Placement Warrant” and collectively, the “Private Placement Warrants”) at a price of \$1.00 per Private Placement Warrant in a private placement to the Sponsor, Level Field Capital, LLC (“Sponsor”) and certain funds and accounts managed by subsidiaries of BlackRock, Inc. (collectively, “anchor investor”), generating gross proceeds of \$7.76 million (Note 4).

Upon the closing of the Initial Public Offering and Private Placement, \$158.355 million (\$10.20 per Unit) of the net proceeds of the sale of the Units in the Initial Public Offering and the Private Placement was placed in a trust account (“Trust Account”) and is required to be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as described below.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of its Initial Public Offering and Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The Company’s initial Business Combination must be with one or more target businesses that together have an aggregate fair market value of at least 80% of the assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on income earned on the trust account) at the time of the agreement to enter into the initial Business Combination. However, the Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act 1940, as amended, or the Investment Company Act.

The Company will provide its shareholders of Public shares (“Public Shareholders”) with the opportunity to redeem all or a portion of their Public shares upon the completion of a Business Combination either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. If, however, shareholder approval of the transaction is required by law or stock exchange listing requirement, or the Company decides to obtain shareholder approval for business or other legal reasons, it will: (i) conduct the redemptions in conjunction with a proxy solicitation pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which regulates the solicitation of proxies, and not pursuant to the tender offer rules; and (ii) file proxy materials with the Securities and Exchange Commission (“SEC”). The public shareholders will be entitled to

redeem their Public shares for a pro rata portion of the amount then in the Trust Account (initially approximately \$10.20 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations, less up to \$100,000 of interest to pay dissolution expenses).

The per-share amount to be distributed to public shareholders who redeem their Public shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 6). These Public shares have been recorded at redemption value and classified as temporary equity upon the completion of the Initial Public Offering, in accordance with Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by the law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Articles of incorporation, conduct the redemptions pursuant to the tender offer rules of the SEC, and file tender offer documents with the SEC prior to completing a Business Combination. If, however, a shareholder approval of the transactions is required by law, or the Company decides to obtain shareholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each public shareholder may elect to redeem their Public shares irrespective of whether they vote for or against the proposed transaction. If the Company seeks shareholder approval in connection with a Business Combination, the initial stockholders have agreed to vote their founder shares (and any Public shares purchased during or after the Initial Public Offering in favor of a Business Combination. In addition, the initial stockholders have agreed to waive their redemption rights with respect to their founder shares and Public shares in connection with the completion of a Business Combination.

Notwithstanding the foregoing, the Company’s Amended and Restated Articles of incorporation provides that a public shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a “group” (as defined under Section 13 of the Exchange Act), will be restricted from redeeming its shares with respect to more than an aggregate of 20% or more of the Class A common stock sold in the Initial Public Offering, without the prior consent of the Company.

If the Company is unable to complete a Business Combination on 22 June 2020 (the “Combination Period”), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more than ten business days thereafter, redeem 100% of the outstanding Public shares which redemption will completely extinguish public stockholders’ rights as shareholders (including the right to receive further liquidation distributions, if any), subject to applicable law and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the Company’s board of directors, proceed to commence a voluntary liquidation and thereby a formal dissolution of the Company, subject in each case to its obligations to provide for claims of creditors and the requirements of applicable law.

In connection with the redemption of 100% of the Company’s outstanding Public shares for a portion of the funds held in the Trust Account, each holder will receive a full pro rata portion of the amount then in the Trust Account, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay for its franchise and income taxes (less up to \$100,000 of interest to pay dissolution expenses).

The initial stockholders have agreed to waive their liquidation rights with respect to the founder shares if the Company fails to complete a Business Combination within the Combination Period. However, if the initial stockholders should acquire Public shares in or after the Initial Public Offering, they will be entitled to liquidating distributions from the Trust Account with respect to such Public shares if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Company’s Public shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be only \$10.20 per share initially held in the Trust Account (or less than that in certain circumstances). In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company, jointly and severally, if and to the extent any claims by a vendor for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in

or to any monies held in the Trust Account or to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company's independent auditors), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Liquidity

As of 31 December 2018, the Company had approximately \$197,000 in its operating bank accounts, and working capital deficit of approximately \$75,000.

Through 31 December 2018, the Company's liquidity needs have been satisfied through receipt of a \$25,000 capital contribution from the Sponsor in exchange for the issuance of the founder shares (Note 5) to the Sponsor, loans from the Sponsor, the proceeds from the consummation of the Private Placement not held in Trust Account, and interest earned released from the Trust Account of approximately \$325,000 to pay for its tax obligations. The Company fully repaid the loan from the proceeds of the Initial Public Offering not being placed in the Trust Account on 22 June 2018.

In addition, in order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company officers and directors may, but are not obligated to, loan the Company Working Capital Loans (see Note 5). The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1,500,000 of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants. On 4 March 2019, the Company issued a convertible note ("Convertible Note") to the Sponsor, pursuant to which the Sponsor agreed to provide a Working Capital Loan to the Company of up to \$1.5 million. The Company was provided \$400,000 in loan proceeds on 4 March 2019 pursuant to the Convertible Note.

Based on the foregoing, management believes that the Company will have sufficient working capital and borrowing capacity to meet the Company's needs through the earlier of the consummation of a Business Combination or one year from this filing. Over this time period, the Company will be using these funds for paying existing accounts payable, identifying and evaluating prospective initial Business Combination candidates, performing due diligence on prospective target businesses, paying for travel expenditures, selecting the target business to merge with or acquire, and structuring, negotiating and consummating the Business Combination.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include all adjustments necessary for the fair presentation of the Company's financial position for the periods presented.

Emerging growth company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents.

Marketable Securities

The Company's portfolio of marketable securities is comprised solely of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, classified as trading securities. Trading securities are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is recognized as gains or losses in the accompanying Condensed Interim Statements of Operations. The estimated fair values of financial instruments are determined using available market information.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Offering costs

Deferred offering costs at 31 December 2017 consisted of legal, accounting, underwriting fees and other costs incurred through the balance sheet date that were directly related to the Initial Public Offering and that were charged to stockholders' equity upon the completion of the Initial Public Offering during June 2018.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents and marketable securities held for trading. Cash and cash equivalents are maintained in accounts with financial institutions, which, at times may exceed the Federal depository insurance coverage of \$250,000. At 31 December 2018, the Company had not experienced losses on this account and management believes the Company is not exposed to significant credit risks on such account. The Company's marketable securities portfolio consists entirely of U.S Treasury Bills with an original maturity of 180 days or less.

Fair value of financial instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature. Marketable securities are classified as trading securities and are therefore recognized at fair value. The fair value for trading securities is determined using quoted market prices.

Fair Value Measurements

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

ASC 820, Fair Value Measurement and Disclosures, requires all entities to disclose the fair value of financial instruments, both assets and liabilities for which it is practicable to estimate fair value, and defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of 31 December 2018 and 2017, the recorded values of cash and cash equivalents, prepaid expenses, accounts payable, and accrued expenses approximate the fair values due to the short-term nature of the instruments. The Company's portfolio of marketable securities is comprised solely of an investment in a money market fund with an original maturity of 180 days or less. The fair value for trading securities is determined using quoted market prices.

Class A Common Stock Subject to Possible Redemption

The Company accounts for its Class A common stock subject to possible redemption in accordance with the guidance in ASC Topic 480 "Distinguishing Liabilities from Equity." Class A common stock subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. Conditionally redeemable Class A common stock (including Class A common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, shares of Class A common stock are classified as stockholders' equity. The Company's Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at 31 December 2018, 14,500,444 shares of Class A common stock subject to possible redemption are presented as temporary equity, outside of the stockholders' equity section of the Company's balance sheet.

Net Income (Loss) per Share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share." Net income (loss) per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of shares of common stock outstanding for the period. The Company has not considered the effect of the warrants sold in the Initial Public Offering and Private

Placement to purchase an aggregate of 23,285,000 shares of Class A common stock in the calculation of diluted earnings per share, since their inclusion would be anti-dilutive under the treasury stock method. As a result, diluted earnings per share is the same as basic earnings per share for the period.

The Company's condensed statement of operations includes a presentation of income (loss) per share for common stock subject to redemption in a manner similar to the two-class method of income (loss) per share. Net income (loss) per share, basic and diluted for Class A common stock is calculated by dividing the interest income earned on the Trust Account, net of applicable taxes, by the weighted average number of shares of Class A common stock outstanding since the initial issuance. Net income (loss) per share, basic and diluted for Class B common stock is calculated by dividing the net income (loss), less income attributable to Class A common stock, by the weighted average number of shares of Class B common stock outstanding for the period.

Reconciliation of net income (loss) per common stock

The Company's net income is adjusted for the portion of income that is attributable to Class A common stock subject to redemption, as these shares only participate in the earnings of the Trust Account (less applicable taxes) and not the income or losses of the Company. Accordingly, basic and diluted loss per Class A common stock is calculated as follows:

	For the Year Ended 31 December 2018 US\$	For the period from 29 June 2017 (inception) through 31 December 2017 US\$
Net income (loss)	592,850	(122,583)
Less: Income attributable to Class A common stock	<u>(1,179,134)</u>	<u>—</u>
Adjusted net income (loss) attributable to Class B common stock	<u>(586,284)</u>	<u>(122,583)</u>
Weighted average shares outstanding of Class A common stock	<u>15,525,000</u>	<u>—</u>
Basic and diluted net income (loss) per share, Class A	<u>0.08</u>	<u>—</u>
Weighted average shares outstanding of Class B common stock	<u>3,881,250</u>	<u>3,375,000</u>
Basic and diluted net income (loss) per share, Class B	<u>(0.15)</u>	<u>(0.04)</u>

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under FASB ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

FASB ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of 31 December 2018. The Company

recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at 31 December 2018. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

3. INITIAL PUBLIC OFFERING

On 22 June 2018, the Company sold 15,525,000 Units at a price of \$10.00 per Unit in the Initial Public Offering. Each Unit consists of one Class A common stock and one redeemable warrant ("Public Warrant"). Each Public Warrant will entitle the holder to purchase one Class A share at an exercise price of \$11.50 per share, subject to adjustment (see Note 7).

4. PRIVATE PLACEMENT

Concurrently with the closing of the Initial Public Offering, the Sponsor and the anchor investor purchased an aggregate of 7,760,000 Private Placement Warrants at \$1.00 per warrant (\$7.76 million in the aggregate) in a private placement. Among the Private Placement Warrants, 7,209,560 warrants were purchased by the Sponsor and 550,440 warrants were purchased by the anchor investor.

Each Private Placement Warrant is exercisable to purchase one Class A share at \$11.50 per share. A portion of the proceeds from the Private Placement Warrants was added to the proceeds from the Initial Public Offering to be held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the Private Placement Warrants will expire worthless.

5. RELATED PARTY TRANSACTIONS

Founder Shares

In August 2017, the Company issued an aggregate of 4,312,500 shares of Class B common stock to the Sponsor in exchange for an aggregate capital contribution of \$25,000. In February 2018, the Sponsor forfeited 431,250 founder shares, resulting in a decrease in the total number of founder shares from 4,312,500 to 3,881,250. All share amounts presented in the financial statements have been retroactively restated to reflect these share forfeitures. In June 2018, the Sponsor forfeited 267,300 founder shares and the anchor investor purchased 267,300 founder shares for an aggregate purchase price of \$1,980. Of the 3,881,250 founder shares, the Sponsor had agreed to forfeit an aggregate of up to 506,250 founder shares to the extent that the over-allotment option is not exercised in full by the underwriters. As of 22 June 2018, the underwriter exercised its over-allotment option in full, hence, these 506,250 shares were no longer subject to forfeiture.

The founder shares will automatically convert into Class A common stock upon the consummation of a Business Combination on a one-for-one basis, subject to adjustment (see Note 7). The initial stockholders agreed not to transfer, assign or sell any of their founder shares until the earliest of (a) one year after the completion of the initial Business Combination, (b) subsequent to the initial Business Combination, if the last reported sale price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination, or (c) following the completion of the initial Business Combination, such future date on which the Company completes a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of our public stockholders having the right to exchange their common stock for cash, securities or other property.

If the anchor investor does not own the number of Public Units equal to 1,336,500 at the time of any stockholder vote with respect to an initial Business Combination or the business day immediately prior to the consummation of the initial Business Combination, the anchor investor will forfeit up to 267,300 founder shares on a pro rata basis. In such case, the Sponsor will repurchase all or a portion of the Private Placement Warrants held by the anchor investor at its original purchase price.

Office Space and Related Support Services

The Company agreed, commencing on the effective date of the Initial Public Offering in June 2018 through the earlier of the Company's consummation of a Business Combination and its liquidation, to pay our Sponsor a monthly fee of \$10,000 for office space, utilities and secretarial and administrative support. The Company incurred \$60,000 in expenses in connection with such services during the year ended 31 December 2018 as reflected in the accompanying Statements of Operations.

Board Member Agreement

In September 2017, the Company entered into an agreement with one of its board members, pursuant to which the board member will be paid a cash fee of \$150,000 per annum in exchange for his service. The agreement was effective as of 1 October 2017 and last until the earlier of December 2019 or the closing of the initial Business Combination. The Company incurred approximately \$150,000 and \$50,000 in fees related to this service during the year ended 31 December 2018 and for the period from 29 June 2017 (inception) through 31 December 2017 in the accompanying Statements of Operations.

Promissory Note — Related Party

The Sponsor had agreed to loan the Company an aggregate of up to \$300,000 to be used for the payment of costs related to the Initial Public Offering. In April 2018, the Sponsor amended the note to increase the principal amount to \$500,000. The loan was non-interest bearing, unsecured and due on the earlier of 31 December 2018 or the closing of the Initial Public Offering. The Company fully repaid the loan from the proceeds of the Initial Public Offering not being placed in the Trust Account on 22 June 2018.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors agreed to loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1,500,000 of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants. There were no Working Capital Loans outstanding as of 31 December 2018. On 4 March 2019, the Company issued a convertible note ("Convertible Note") to the Sponsor, pursuant to which the Sponsor agreed to provide a Working Capital Loan to the Company of up to \$1.5 million. The Company was provided \$400,000 in loan proceeds on 4 March 2019 pursuant to the Convertible Note.

6. COMMITMENTS & CONTINGENCIES

Registration Rights

The holders of the founder shares and Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans (and any Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans) will be entitled to registration rights (in the case of the Founder Shares, only after conversion of such shares to shares of Class A common stock) pursuant to a registration rights agreement to be signed prior to or on the

effective date of the Initial Public Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the consummation of a Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were entitled to an underwriting discount of \$0.20 per unit, or \$3.105 million in the aggregate, paid upon the closing of the Initial Public Offering. Additionally, a deferred underwriting discount of \$0.35 per unit, or \$5.434 million in the aggregate will be payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

7. STOCKHOLDERS' EQUITY

Class A Common stock

The Company is authorized to issue 100,000,000 shares of Class A common stock with a par value of \$0.0001 per share. No shares of Class A common stock were issued or outstanding as of 31 December 2017. At 31 December 2018, there were 15,525,000 Class A common stock issued or outstanding, including 14,500,444 share of Class A common stock subject to possible redemption.

Holders of the Class A common stock and holders of the Class B common stock will vote together as a single class on all matters submitted to a vote of our stockholders, except as required by law. Each share of common stock will have one vote on all such matters.

Class B Common stock

The Company is authorized to issue 15,000,000 shares of Class B common stock with a par value of \$0.0001 per share. In August 2017, the Company initially issued 4,312,500 Class B common stock. In February 2018, in connection with the decrease of the size of the Initial Public Offering, the Sponsor forfeited 431,250 shares of Class B common stock, resulting in a decrease in the total number of founder shares from 4,312,500 to 3,881,250. All share amounts presented in the financial statements have been retroactively restated to reflect these share forfeitures. Of the 3,881,250 shares of Class B common stock, an aggregate of up to 506,250 shares were subject to forfeiture to the Company by the Sponsor for no consideration to the extent that the underwriters' over-allotment option was not exercised in full. As of 22 June 2018, the underwriter exercised its over-allotment option in full, hence, these 506,250 shares were no longer subject to forfeiture. At 31 December 2018 and 2017, there were 3,881,250 Class B common stock issued or outstanding.

The Class B common stock will automatically convert into Class A common stock on the first business day following the consummation of the initial Business Combination on a one-for-one basis, subject to adjustment. In the case that additional Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts sold in the Initial Public Offering and related to the closing of the initial Business Combination, the ratio at which the Class B common stock shall convert into Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance, including a specified future issuance) so that the number of Class A common stock issuable upon conversion of all Class B common stock will equal, in the aggregate, 20% of the sum of the total number of all common stock outstanding upon the completion of the Initial Public Offering plus all Class A common stock and equity-linked securities issued or deemed issued in connection with the initial Business Combination, excluding any shares or equity-linked securities issued, or to be issued, to any seller in the initial Business Combination.

Preferred Stock

The Company is authorized to issue 1,000,000 preferred shares with a par value of \$0.0001 per share. At 31 December 2018 and 2017, there are no preferred shares issued or outstanding.

Warrants

At 31 December 2017 there were no outstanding warrants. At 31 December 2018 there are 23,285,000 outstanding warrants, consisting of 15,525,000 Public Warrants and 7,760,000 Private Placement Warrants, each warrant exercisable at \$11.50 into one share of Class A common stock.

The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination or (b) 12 months from the closing of the Initial Public Offering; provided in each case that the Company has an effective registration statement under the Securities Act covering the Class A common stock issuable upon exercise of the Public Warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their Public Warrants on a cashless basis and such cashless exercise is exempt from registration under the Securities Act). The Company has agreed that as soon as practicable, but in no event later than 15 business days, after the closing of a Business Combination, the Company will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A common stock issuable upon exercise of the Public Warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Public Warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A common stock issuable upon exercise of the warrants is not effective by the sixtieth (60th) day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common stock issuable upon exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be non-redeemable so long as they are held by the initial purchasers or such purchasers’ permitted transferees. If the Private Placement Warrants are held by someone other than the initial stockholders or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company may call the Public Warrants for redemption (except with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon a minimum of 30 days’ prior written notice of redemption; and
- if, and only if, the last reported closing price of the shares equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement.

The exercise price and number of Class A shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of Class A shares at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants shares. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will

not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

8. FAIR VALUE MEASUREMENTS

The following table presents information about the Company's assets that are measured on a recurring basis as of 31 December 2018 and indicates the fair value hierarchy of the valuation techniques that the Company utilized to determine such fair value.

Description	Quoted Prices in Active Markets (Level 1) <i>US\$</i>	Significant Other Observable Inputs (Level 2) <i>US\$</i>	Significant Other Unobservable Inputs (Level 3) <i>US\$</i>
Assets held in Trust:			
Money Market Fund	159,718,098	—	—
	<u>159,718,098</u>	<u>—</u>	<u>—</u>

Transfers to/from Levels 1, 2, and 3 are recognized at the end of the reporting period. There were no transfers between levels for the year ended 31 December 2018.

9. ACCRUED EXPENSES

Accrued expenses consist of the following:

	31 December 2018 <i>US\$</i>	2017 <i>US\$</i>
Accrued franchise taxes	—	2,100
Accrued offering costs	—	5,000
Accrued professional fees	6,500	11,500
	<u>6,500</u>	<u>18,600</u>

10. INCOME TAXES

The Company's financial statements include total net income (loss) before taxes of \$904,033 and \$(122,583) for the years ended 31 December 2018 and 2017, respectively. The income tax provision/(benefit) consists of the following:

	31 December 2018 <i>US\$</i>	2017 <i>US\$</i>
Federal		
Current	311,183	—
Deferred	(119,993)	(25,016)
State and Local		
Current	—	—
Deferred	13,984	(13,984)
Change in Valuation allowance	106,009	39,000
Income tax provision (benefit)	<u>311,183</u>	<u>—</u>

Reconciliations of the differences between the provision/(benefit) for income taxes and income taxes at the statutory U.S. federal income tax rate is as follows:

	2018		2017	
	Amount US\$	Percent of Pretax Income	Amount US\$	Percent of Pretax Income
Current tax at U.S. statutory rate	189,847	21.00%	(41,678)	34.00%
Nondeductible/nontaxable items	1,343	0.15%	1,177	-0.96%
State taxes, net of federal benefit	—	0.00%	(12,022)	9.81%
State effect of perm items	—	0.00%	339	-0.28%
Valuation allowance activity	106,009	11.73%	38,999	-31.81%
Deferred rate change	13,984	1.55%	13,185	-10.76%
Current/deferred rate differential	—	0.00%	—	0.00%
Other	—	0.00%	—	0.00%
Total Income Tax Provision/(Benefit)	<u>311,183</u>	<u>34.42%</u>	<u>—</u>	<u>0.00%</u>

The components of deferred tax assets and liabilities as of 31 December 2018 and 2017 are as follows:

	31 December	
	2018 US\$	2017 US\$
Deferred tax assets:		
Net operating loss carryovers	—	686
Start-up cost	<u>145,009</u>	<u>38,314</u>
Total deferred tax assets	145,009	39,000
Valuation allowance	(145,009)	(39,000)
Deferred tax liabilities:		
Unrealized gain/loss	<u>—</u>	<u>—</u>
Net Deferred tax assets/(liabilities), net of allowance	<u>—</u>	<u>—</u>

On 22 December 2017, the President signed into law the “Tax Cuts and Jobs Act.” The new tax reform has the following effects on the company: (1) permanently reduces the maximum corporate income tax rate from 35% to 21% effective for tax years beginning after 31 December 2017 (2) allows temporary 100% expensing for certain business assets and property placed in service after 27 September 2017 and before 1 January 2023 (3) disallows NOL carrybacks but allows for the indefinite carryforward of those NOLs which applies to losses arising in tax years beginning after 31 December 2017 and (4) limits NOL deductions for each year equal to the lesser of the available carryover or 80% of a taxpayer’s pre-NOL deduction taxable income. This applies to losses arising in tax years beginning after 31 December 2017.

As of 31 December 2018 and 2017, the Company has concluded that it is more likely than not that the Company will not realize the benefit of its deferred tax assets associated with Start-up costs. Start-up costs cannot be amortized against future operating income until a business combination has occurred. Therefore, a full valuation allowance has been established prior to the company completing a business combination, as future events such as business combinations cannot be considered when assessing the realizability of Deferred Tax Assets and when the probability of a special purpose acquisition company consummating a business combination is less than 51%. In addition, a reliable forecast of trust investment income and start-up costs expected to be incurred in the period/s prior to a business combination or a dissolution and liquidation is not practicable. Accordingly, the net deferred tax assets have been fully reserved.

11. SUBSEQUENT EVENTS

On 4 March 2019, the Company issued a Convertible Note to the Sponsor, pursuant to which the Sponsor agreed to provide up to a \$1.5 million Working Capital Loan to the Company. The Company was provided \$400,000 in loan proceeds on 4 March 2019 pursuant to the Convertible Note. The Convertible Note does not bear interest and the Sponsor has agreed to waive all unpaid principal under the Convertible Note until the earlier of 22 June 2020 and the consummation of the initial business combination. The Sponsor will have the option to convert any amounts outstanding under the Convertible Note, up to \$1.5 million in the aggregate, into warrants of the post-business combination entity to purchase Class A ordinary shares at a conversion price of \$1.00 per warrant. The terms of such warrants will be identical to the private placement warrants, including that each such warrant will entitle the holder thereof to purchase one Class A ordinary share at a price of \$11.50 per share, subject to the same adjustments applicable to the private placement warrants. Under the Convertible Note, the Sponsor has waived any and all right, title, interest or claim of any kind in or to any distribution of or from the Trust Account, including any right to seek recourse, reimbursement, payment or satisfaction for any claim against the Trust Account.

3. The following is an extract of the audited financial statements of LF Capital for the year ended 31 December 2019, which were prepared in accordance with U.S. GAAP, from the 2019 Annual Report on Form 10-K of LF Capital issued on 24 February 2020.

The 2019 Annual Report on Form 10-K have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1721386/000173112220000201/e1768_10k.htm

BALANCE SHEETS

	31 December	
	2019	2018
	<i>US\$</i>	<i>US\$</i>
Assets		
Current assets:		
Cash and cash equivalents	161,405	196,804
Prepaid expenses	<u>304,077</u>	<u>43,214</u>
Total current assets	465,482	240,018
Marketable securities held in Trust Account	<u>162,019,909</u>	<u>159,718,098</u>
Total assets	<u><u>162,485,391</u></u>	<u><u>159,958,116</u></u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	121,516	108,292
Accrued expenses	30,610	6,500
Note payable — related parties	750,000	—
Franchise tax payable	<u>40,000</u>	<u>200,000</u>
Total current liabilities	942,126	314,792
Deferred tax liabilities	128,105	—
Deferred underwriting commissions	<u>5,433,750</u>	<u>5,433,750</u>
Total liabilities	<u><u>6,503,981</u></u>	<u><u>5,748,542</u></u>
Commitments		
Class A common stock, \$0.0001 par value; 14,461,820 and 14,500,444 shares subject to possible redemption at \$10.44 and \$10.29 per share at 31 December 2019 and 2018, respectively	150,981,401	149,209,569
Stockholders' Equity:		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding at 31 December 2019 and 2018, respectively	—	—
Class A common stock, \$0.0001 par value; 100,000,000 shares authorized; 1,063,180 and 1,024,556 shares issued and outstanding (excluding 14,461,820 and 14,500,444 shares subject to possible redemption) at 31 December 2019 and 2018, respectively	106	102

	31 December	
	2019	2018
	<i>US\$</i>	<i>US\$</i>
Convertible Class B common stock, \$0.0001 par value; 15,000,000 shares authorized; 3,881,250 shares issued and outstanding at 31 December 2019 and 2018, respectively	388	388
Additional paid-in capital	2,757,412	4,529,248
Retained earnings	<u>2,242,103</u>	<u>470,267</u>
Total stockholders' equity	<u>5,000,009</u>	<u>5,000,005</u>
Total Liabilities and Stockholders' Equity	<u>162,485,391</u>	<u>159,958,116</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF OPERATIONS

	For the Years Ended	
	31 December	
	2019	2018
	<i>US\$</i>	<i>US\$</i>
General and administrative expenses	826,307	586,284
Franchise tax expense	<u>200,000</u>	<u>198,617</u>
Loss from operations	(1,026,307)	(784,901)
Interest earned on investments and marketable securities	<u>3,473,997</u>	<u>1,688,934</u>
Income before income tax expense	2,447,690	904,033
Income tax expense	<u>675,854</u>	<u>311,183</u>
Net income	<u><u>1,771,836</u></u>	<u><u>592,850</u></u>
Weighted average shares outstanding of Class A common stock	<u><u>15,525,000</u></u>	<u><u>15,525,000</u></u>
Basic and diluted net income per share, Class A	<u><u>0.17</u></u>	<u><u>0.08</u></u>
Weighted average shares outstanding of Class B common stock	<u><u>3,881,250</u></u>	<u><u>3,881,250</u></u>
Basic and diluted net loss per share, Class B	<u><u>(0.21)</u></u>	<u><u>(0.15)</u></u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Class A		Common Stock		Class B	Additional Paid-in Capital US\$	Retained Earnings (Accumulated Deficit) US\$	Total Stockholders' Equity (Deficit) US\$
	Shares	Amount US\$	Shares	Amount US\$				
Balance — 31 December 2017	<u>—</u>	<u>—</u>	<u>3,881,250</u>	<u>388</u>	<u>—</u>	<u>24,612</u>	<u>(122,583)</u>	<u>(97,583)</u>
Sale of units in initial public offering	15,525,000	1,553	—	—	—	155,248,447	—	155,250,000
Offering costs	—	—	—	—	—	(9,295,693)	—	(9,295,693)
Sale of private placement warrants to Sponsor in private placement	—	—	—	—	—	7,760,000	—	7,760,000
Common stock subject to possible redemption	(14,500,444)	(1,451)	—	—	—	(149,208,118)	—	(149,209,569)
Net income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>592,850</u>	<u>592,850</u>
Balance — 31 December 2018	<u>1,024,556</u>	<u>102</u>	<u>3,881,250</u>	<u>388</u>	<u>—</u>	<u>4,529,248</u>	<u>470,267</u>	<u>5,000,005</u>
Common stock subject to possible redemption	38,624	4	—	—	—	(1,771,836)	—	(1,771,832)
Net income	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,771,836</u>	<u>1,771,836</u>
Balance — 31 December 2019	<u>1,063,180</u>	<u>106</u>	<u>3,881,250</u>	<u>388</u>	<u>—</u>	<u>2,757,412</u>	<u>2,242,103</u>	<u>5,000,009</u>

The accompanying notes are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

	For the Years Ended	
	31 December	
	2019	2018
	<i>US\$</i>	<i>US\$</i>
Cash Flows from Operating Activities:		
Net income	1,771,836	592,850
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Deferred tax liabilities	128,105	—
Interest earned on investments and marketable securities held in Trust Account	(3,473,528)	(1,687,599)
Changes in operating assets and liabilities:		
Prepaid expenses	(260,863)	(43,214)
Accounts payable	13,224	14,032
Accrued expenses	24,110	(7,100)
Franchise tax payable	(160,000)	200,000
	<u>(1,957,116)</u>	<u>(931,031)</u>
Net cash used in operating activities		
Cash Flows from Investing Activities		
Principal deposited in Trust Account	—	(158,355,000)
Interest released from Trust Account	1,171,717	324,501
	<u>1,171,717</u>	<u>(158,030,499)</u>
Net cash provided by (used in) investing activities		
Cash Flows from Financing Activities:		
Proceeds from note payable to related parties	750,000	260,000
Repayment of note payable to related parties	—	(460,000)
Proceeds received from initial public offering	—	155,250,000
Offering costs	—	(3,671,204)
Proceeds received from private placement	—	7,760,000
	<u>750,000</u>	<u>159,138,796</u>
Net cash provided by financing activities		
Net (decrease) increase in cash	(35,399)	177,266
Cash and cash equivalents — beginning of the period	<u>196,804</u>	<u>19,538</u>
Cash and cash equivalents — end of the period	<u><u>161,405</u></u>	<u><u>196,804</u></u>

	For the Years Ended	
	31 December	
	2019	2018
	<i>US\$</i>	<i>US\$</i>
Supplemental disclosure of noncash investing and financing activities:		
Offering costs included in accounts payable	<u>—</u>	<u>67,142</u>
Deferred underwriting commissions in connection with the initial public offering	<u>—</u>	<u>5,433,750</u>
Reclassification of deferred offering costs to paid-in capital	<u>—</u>	<u>178,283</u>
Change in Class A common stock subject to possible redemption	<u>1,771,832</u>	<u>149,209,569</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes	<u>811,467</u>	<u>—</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

LF Capital Acquisition Corp. (the “Company”) is a blank check company incorporated in the state of Delaware on 29 June 2017. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses that the Company has not yet identified (“Business Combination”). Although the Company is not limited to a particular industry or geographic region for purposes of consummating a Business Combination, the Company intends to capitalize on the ability of its management team to focus its search for a target business in the commercial banking and financial technology industries.

All activity through 31 December 2019 relates to the Company’s formation and the initial public offering (“Initial Public Offering”), and, since the closing of the Initial Public Offering, a search for a Business Combination candidate. The Company has selected 31 December as its fiscal year end.

The registration statement for the Company’s Initial Public Offering was declared effective on 19 June 2018. On 22 June 2018, the Company consummated its Initial Public Offering of 15,525,000 units (each, a “Unit” and collectively, the “Units”), including 2,025,000 Units issued pursuant to the exercise in full of the underwriters’ over-allotment option, at \$10.00 per Unit, generating gross proceeds of \$155.25 million, and incurring offering costs of approximately \$9.3 million, inclusive of \$5.4338 million in deferred underwriting commissions (Note 3).

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement (“Private Placement”) of 7,760,000 warrants (each, a “Private Placement Warrant” and collectively, the “Private Placement Warrants”) at a price of \$1.00 per Private Placement Warrant in a private placement to the Sponsor, Level Field Capital, LLC (“Sponsor”) and certain funds and accounts managed by subsidiaries of BlackRock, Inc. (collectively, “anchor investor”), generating gross proceeds of \$7.76 million (Note 4).

Upon the closing of the Initial Public Offering and Private Placement, \$158.355 million (\$10.20 per Unit) of the net proceeds of the sale of the Units in the Initial Public Offering and the Private Placement was placed in a trust account (“Trust Account”) and is required to be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as described below.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of its Initial Public Offering and Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The Company’s initial Business Combination must be with one or more target businesses that together have an aggregate fair market value of at least 80% of the assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on income earned on the trust account) at the time of the agreement to enter into the initial Business Combination. However, the Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act 1940, as amended, or the Investment Company Act.

The Company will provide its shareholders of Public shares (“Public Shareholders”) with the opportunity to redeem all or a portion of their Public shares upon the completion of a Business Combination either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. If, however, shareholder approval of the transaction is required by law or stock exchange listing requirement, or the Company decides to obtain shareholder approval for business or other legal reasons, it will: (i) conduct the redemptions in conjunction with a proxy solicitation pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which regulates the solicitation of proxies, and not pursuant to the tender offer rules; and (ii) file proxy materials with the Securities and Exchange Commission (“SEC”). The public shareholders will be entitled to

redeem their Public shares for a pro rata portion of the amount then in the Trust Account (initially approximately \$10.20 per share, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations, less up to \$100,000 of interest to pay dissolution expenses).

The per-share amount to be distributed to public shareholders who redeem their Public shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 6). These Public shares have been recorded at redemption value and classified as temporary equity upon the completion of the Initial Public Offering, in accordance with Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by the law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Articles of incorporation, conduct the redemptions pursuant to the tender offer rules of the SEC, and file tender offer documents with the SEC prior to completing a Business Combination. If, however, a shareholder approval of the transactions is required by law, or the Company decides to obtain shareholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each public shareholder may elect to redeem their Public shares irrespective of whether they vote for or against the proposed transaction. If the Company seeks shareholder approval in connection with a Business Combination, the initial stockholders have agreed to vote their founder shares (and any Public shares purchased during or after the Initial Public Offering in favor of a Business Combination. In addition, the initial stockholders have agreed to waive their redemption rights with respect to their founder shares and Public shares in connection with the completion of a Business Combination.

Notwithstanding the foregoing, the Company’s Amended and Restated Articles of incorporation provides that a public shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a “group” (as defined under Section 13 of the Exchange Act), will be restricted from redeeming its shares with respect to more than an aggregate of 20% or more of the Class A common stock sold in the Initial Public Offering, without the prior consent of the Company.

If the Company is unable to complete a Business Combination on 22 June 2020 (the “Combination Period”), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more than ten business days thereafter, redeem 100% of the outstanding Public shares which redemption will completely extinguish public stockholders’ rights as shareholders (including the right to receive further liquidation distributions, if any), subject to applicable law and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the Company’s board of directors, proceed to commence a voluntary liquidation and thereby a formal dissolution of the Company, subject in each case to its obligations to provide for claims of creditors and the requirements of applicable law.

In connection with the redemption of 100% of the Company’s outstanding Public shares for a portion of the funds held in the Trust Account, each holder will receive a full pro rata portion of the amount then in the Trust Account, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay for its franchise and income taxes (less up to \$100,000 of interest to pay dissolution expenses).

The initial stockholders have agreed to waive their liquidation rights with respect to the founder shares if the Company fails to complete a Business Combination within the Combination Period. However, if the initial stockholders should acquire Public shares in or after the Initial Public Offering, they will be entitled to liquidating distributions from the Trust Account with respect to such Public shares if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Company’s Public shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be only \$10.20 per share initially held in the Trust Account (or less than that in certain circumstances). In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company, jointly and severally, if and to the extent any claims by a vendor for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in

or to any monies held in the Trust Account or to any claims under the Company's indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the "Securities Act"). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company's independent auditors), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Liquidity

As of 31 December 2019, the Company had approximately \$161,000 in its operating bank accounts, and working capital deficit of approximately \$477,000.

Subsequent to the consummation of the Initial Public Offering and Private Placement, the Company's liquidity needs have been satisfied through the proceeds from the consummation of the Private Placement not held in Trust Account, interest earned released from the Trust Account to pay for its tax obligations, and loans from the Sponsor. In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company officers and directors may, but are not obligated to, provide the Company Working Capital Loans (see Note 5). The Working Capital Loans will either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1,500,000 of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants. On 4 March 2019, the Company issued a convertible note ("Convertible Note") to the Sponsor, pursuant to which the Sponsor agreed to provide a Working Capital Loan to the Company of up to \$1.5 million. The Company was provided \$400,000, \$350,000 and \$130,000 in loan proceeds on 4 March 2019, 19 August 2019 and 10 January 2020, respectively, for an aggregate amount of \$880,000, pursuant to the amended Convertible Note (see Note 5).

In connection with the Company's assessment of going concern considerations in accordance with Financial Accounting Standard Board's Accounting Standards Update ("ASU") 2014-15, "Disclosures of Uncertainties about an Entity's Ability to Continue as a Going Concern", management has determined that the mandatory liquidation and subsequent dissolution raises substantial doubt about the Company's ability to continue as a going concern after 22 June 2020. Management plans to address this uncertainty through the consummation of a Business Combination. However, there is no assurance that the Company will be able to consummate a Business Combination within the Combination Period. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate after 22 June 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include all adjustments necessary for the fair presentation of the Company's financial position for the periods presented.

Emerging growth company

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012, (the "JOBS Act"), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents.

Marketable Securities

The Company's portfolio of marketable securities is comprised solely of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, classified as trading securities. Trading securities are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is recognized as gains or losses in the accompanying Statements of Operations. The estimated fair values of financial instruments are determined using available market information.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents and marketable securities held for trading. Cash and cash equivalents are maintained in accounts with financial institutions, which, at times may exceed the Federal depository insurance coverage of \$250,000. At 31 December 2019 and 2018, the Company had not experienced losses on this account and management believes the Company is not exposed to significant credit risks on such account. The Company's marketable securities portfolio consists of U.S Treasury Bills and money market funds with an original maturity of 180 days or less.

Fair value of financial instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature. Marketable securities are classified as trading securities and are therefore recognized at fair value. The fair value for trading securities is determined using quoted market prices.

Fair Value Measurements

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

ASC 820, Fair Value Measurement and Disclosures, requires all entities to disclose the fair value of financial instruments, both assets and liabilities for which it is practicable to estimate fair value, and defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of 31 December 2019 and 2018, the recorded values of cash and cash equivalents, prepaid expenses, accounts payable, accrued expenses, and note payable to related parties approximate the fair values due to the short-term nature of the instruments. The Company's portfolio of marketable securities is comprised of an investment in U.S Treasury Bills and money market fund with an original maturity of 180 days or less. The fair value for trading securities is determined using quoted market prices.

Class A Common Stock Subject to Possible Redemption

The Company accounts for its Class A common stock subject to possible redemption in accordance with the guidance in ASC Topic 480 "Distinguishing Liabilities from Equity." Class A common stock subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. Conditionally redeemable Class A common stock (including Class A common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, shares of Class A common stock are classified as stockholders' equity. The Company's Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at 31 December 2019 and 2018, 14,461,820 and 14,500,444 shares of Class A common stock subject to possible redemption are presented as temporary equity, outside of the stockholders' equity section of the Company's balance sheets, respectively.

Net Income (Loss) per Share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share." Net income (loss) per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of shares of common stock outstanding for the period. The Company has not considered the effect of the warrants sold in the Initial Public Offering and Private Placement to purchase an aggregate of 23,285,000 shares of Class A common stock in the calculation of diluted earnings per share, since their inclusion would be anti-dilutive under the treasury stock method. As a result, diluted earnings per share is the same as basic earnings per share for the period.

The Company's statements of operations include a presentation of income (loss) per share for common stock subject to redemption in a manner similar to the two-class method of income (loss) per share. Net income (loss) per share, basic and diluted for Class A common stock is calculated by dividing the interest income earned on the Trust Account, net of applicable taxes, by the weighted average number of shares of Class A common stock outstanding since the initial issuance. Net income (loss) per share, basic and diluted for Class B common stock is calculated by dividing the net income (loss), less income attributable to Class A common stock, by the weighted average number of shares of Class B common stock outstanding for the periods.

Reconciliation of net income (loss) per common stock

The Company's net income is adjusted for the portion of income that is attributable to Class A common stock subject to redemption, as these shares only participate in the earnings of the Trust Account (less applicable taxes) and not the income or losses of the Company. Accordingly, basic and diluted income per Class A common stock is calculated as follows:

	For the Years Ended	
	31 December	
	2019	2018
Net income	1,771,836	592,850
Less: Income attributable to Class A common stock	<u>(2,598,143)</u>	<u>(1,179,134)</u>
Adjusted net loss attributable to Class B common stock	<u>(826,307)</u>	<u>(586,284)</u>
Weighted average shares outstanding of		
Class A common stock	<u>15,525,000</u>	<u>15,525,000</u>
Basic and diluted net income per share, Class A	<u>0.17</u>	<u>0.08</u>
Weighted average shares outstanding of		
Class B common stock	<u>3,881,250</u>	<u>3,881,250</u>
Basic and diluted net loss per share, Class B	<u>(0.21)</u>	<u>(0.15)</u>

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under FASB ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

FASB ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination

by taxing authorities. There were no unrecognized tax benefits as of 31 December 2019 and 2018. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at 31 December 2019 and 2018. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

3. INITIAL PUBLIC OFFERING

On 22 June 2018, the Company sold 15,525,000 Units at a price of \$10.00 per Unit in the Initial Public Offering. Each Unit consists of one Class A common stock and one redeemable warrant ("Public Warrant"). Each Public Warrant will entitle the holder to purchase one Class A share at an exercise price of \$11.50 per share, subject to adjustment (see Note 7).

4. PRIVATE PLACEMENT

Concurrently with the closing of the Initial Public Offering, the Sponsor and the anchor investor purchased an aggregate of 7,760,000 Private Placement Warrants at \$1.00 per warrant (\$7.76 million in the aggregate) in a private placement. Among the Private Placement Warrants, 7,209,560 warrants were purchased by the Sponsor and 550,440 warrants were purchased by the anchor investor.

Each Private Placement Warrant is exercisable to purchase one Class A share at \$11.50 per share. A portion of the proceeds from the Private Placement Warrants was added to the proceeds from the Initial Public Offering to be held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the Private Placement Warrants will expire worthless.

5. RELATED PARTY TRANSACTIONS

Founder Shares

In August 2017, the Company issued an aggregate of 4,312,500 shares of Class B common stock to the Sponsor in exchange for an aggregate capital contribution of \$25,000. In February 2018, the Sponsor forfeited 431,250 founder shares, resulting in a decrease in the total number of founder shares from 4,312,500 to 3,881,250. All share amounts presented in the financial statements have been retroactively restated to reflect these share forfeitures. In June 2018, the Sponsor forfeited 267,300 founder shares and the anchor investor purchased 267,300 founder shares for an aggregate purchase price of \$1,980. Of the 3,881,250 founder shares, the Sponsor had agreed to forfeit an aggregate of up to 506,250 founder shares to the extent that the over-allotment option is not exercised in full by the underwriters. As of 22 June 2018, the underwriter exercised its over-allotment option in full, hence, these 506,250 shares were no longer subject to forfeiture.

The founder shares will automatically convert into Class A common stock upon the consummation of a Business Combination on a one-for-one basis, subject to adjustment (see Note 7). The initial stockholders agreed not to transfer, assign or sell any of their founder shares until the earliest of (a) one year after the completion of the initial Business Combination, (b) subsequent to the initial Business Combination, if the last reported sale price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination, or (C) following the completion of the initial Business Combination, such future date on which the Company completes a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of our public stockholders having the right to exchange their common stock for cash, securities or other property.

If the anchor investor does not own the number of Public Units equal to 1,336,500 at the time of any stockholder vote with respect to an initial Business Combination or the business day immediately prior to the consummation of the initial Business Combination, the anchor investor will forfeit up to 267,300 founder shares on a pro rata basis. In such case, the Sponsor will repurchase all or a portion of the Private Placement Warrants held by the anchor investor at its original purchase price.

Office Space and Related Support Services

The Company agreed, commencing on the effective date of the Initial Public Offering in June 2018 through the earlier of the Company's consummation of a Business Combination and its liquidation, to pay our Sponsor or an affiliate of our Sponsor a monthly fee of \$10,000 for office space, utilities and secretarial and administrative support. The Company incurred \$120,000 and \$60,000 in expenses in connection with such services during the years ended 31 December 2019 and 2018 as reflected in the accompanying Statements of Operations.

Board Member Agreement

In September 2017, the Company entered into an agreement with B. Prot Conseils, an entity controlled by Mr. Baudouin Prot, one of its board members, pursuant to which the board member will be paid a cash fee of \$150,000 per annum in exchange for his service. The agreement was effective as of 1 October 2017 and last until the earlier of December 2019 or the consummation of the Company's business combination. The Company incurred \$150,000 in fees related to this service during each of the years ended 31 December 2019 and 2018 in the accompanying Statements of Operations. On 20 February 2020, the Company has agreed to amend its arrangement with Mr. Prot, pursuant to which no further monthly fees will be paid on a current monthly basis to Mr. Prot, however, if the Company completes its acquisition of a target company prior to 18 June 2020, the Company shall pay Mr. Prot \$12,500 for each month Mr. Prot has continued to provide services to the Company since 1 January 2020. If the Company does not complete its acquisition of a target company prior to 18 June 2020 then no further fees will be payable to Mr. Prot following 31 December 2019.

Promissory Note — Related Party

The Sponsor had agreed to loan the Company an aggregate of up to \$300,000 to be used for the payment of costs related to the Initial Public Offering. In April 2018, the Sponsor amended the note to increase the principal amount to \$500,000. The loan was non-interest bearing, unsecured and due on the earlier of 31 December 2018 or the closing of the Initial Public Offering. The Company fully repaid the loan from the proceeds of the Initial Public Offering not being placed in the Trust Account on 22 June 2018.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors agreed to loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1,500,000 of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants.

There were no Working Capital Loans outstanding as of 31 December 2018. On 4 March 2019, the Company issued a convertible note ("Convertible Note") to the Sponsor, pursuant to which the Sponsor agreed to provide a Working Capital Loan to the Company of up to \$1.5 million. The Company was provided \$400,000 and \$350,000 in loan proceeds on 4 March 2019 and 19 August 2019, for an aggregate amount of \$750,000, pursuant to the amended Convertible Note. On 10 January 2020, the Company received an additional loan proceed of \$130,000 and increased the total amount outstanding under the Convertible Note to \$880,000.

6. COMMITMENTS & CONTINGENCIES**Registration Rights**

The holders of the founder shares and Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans (and any Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans) will be entitled to registration rights (in the case of the Founder Shares, only after conversion of such shares to shares of Class A common stock) pursuant to a registration rights agreement to be signed prior to or on the effective date of the Initial Public Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain "piggy-back" registration rights with respect to registration statements filed subsequent to the consummation of a Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were entitled to an underwriting discount of \$0.20 per unit, or \$3.105 million in the aggregate, paid upon the closing of the Initial Public Offering. Additionally, a deferred underwriting discount of \$0.35 per unit, or \$5.434 million in the aggregate will be payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

7. STOCKHOLDERS' EQUITY

Class A Common stock

The Company is authorized to issue 100,000,000 shares of Class A common stock with a par value of \$0.0001 per share. At 31 December 2019 and 2018, there were 15,525,000 Class A common stock issued or outstanding, including 14,461,820 and 14,500,444 share of Class A common stock subject to possible redemption, respectively.

Holders of the Class A common stock and holders of the Class B common stock will vote together as a single class on all matters submitted to a vote of our stockholders, except as required by law. Each share of common stock will have one vote on all such matters.

Class B Common stock

The Company is authorized to issue 15,000,000 shares of Class B common stock with a par value of \$0.0001 per share. In August 2017, the Company initially issued 4,312,500 Class B common stock. In February 2018, in connection with the decrease of the size of the Initial Public Offering, the Sponsor forfeited 431,250 shares of Class B common stock, resulting in a decrease in the total number of founder shares from 4,312,500 to 3,881,250. All share amounts presented in the financial statements have been retroactively restated to reflect these share forfeitures. Of the 3,881,250 shares of Class B common stock, an aggregate of up to 506,250 shares were subject to forfeiture to the Company by the Sponsor for no consideration to the extent that the underwriters' over-allotment option was not exercised in full. As of 22 June 2018, the underwriter exercised its over-allotment option in full, hence, these 506,250 shares were no longer subject to forfeiture. At 31 December 2019 and 2018, there were 3,881,250 Class B common stock issued or outstanding.

The Class B common stock will automatically convert into Class A common stock on the first business day following the consummation of the initial Business Combination on a one-for-one basis, subject to adjustment. In the case that additional Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts sold in the Initial Public Offering and related to the closing of the initial Business Combination, the ratio at which the Class B common stock shall convert into Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance, including a specified future issuance) so that the number of Class A common stock issuable upon conversion of all Class B common stock will equal, in the aggregate, 20% of the sum of the total number of all common stock outstanding upon the completion of the Initial Public Offering plus all Class A common stock and equity-linked securities issued or deemed issued in connection with the initial Business Combination, excluding any shares or equity-linked securities issued, or to be issued, to any seller in the initial Business Combination.

Preferred Stock

The Company is authorized to issue 1,000,000 preferred shares with a par value of \$0.0001 per share. At 31 December 2019 and 2018, there are no preferred shares issued or outstanding.

Warrants

At 31 December 2019 and 2018 there are 23,285,000 outstanding warrants, consisting of 15,525,000 Public Warrants and 7,760,000 Private Placement Warrants, each warrant exercisable at \$11.50 into one share of Class A common stock.

The Public Warrants will become exercisable on the later of (a) 30 days after the completion of a Business Combination or (b) 12 months from the closing of the Initial Public Offering; provided in each case that the Company has an effective registration statement under the Securities Act covering the Class A common stock issuable upon exercise of the Public Warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their Public Warrants on a cashless basis and such cashless exercise is exempt from registration under the Securities Act). The Company has agreed that as soon as practicable, but in no event later than 15 business days, after the closing of a Business Combination, the Company will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A common stock issuable upon exercise of the Public Warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Public Warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A common stock issuable upon exercise of the warrants is not effective by the sixtieth (60th) day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a “cashless basis” in accordance with Section 3(a)(9) of the Securities Act or another exemption. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common stock issuable upon exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be non-redeemable so long as they are held by the initial purchasers or such purchasers’ permitted transferees. If the Private Placement Warrants are held by someone other than the initial stockholders or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company may call the Public Warrants for redemption (except with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon a minimum of 30 days’ prior written notice of redemption; and
- if, and only if, the last reported closing price of the shares equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a “cashless basis,” as described in the warrant agreement.

The exercise price and number of Class A shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of Class A shares at a price below its exercise price. Additionally, in no event will the Company be required to net cash settle the warrants shares. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

8. FAIR VALUE MEASUREMENTS

The following table presents information about the Company's assets that are measured on a recurring basis as of 31 December 2019 and 2018 and indicates the fair value hierarchy of the valuation techniques that the Company utilized to determine such fair value.

Description	Quoted Prices in Active Markets (Level 1) <i>US\$</i>	Significant Other Observable Inputs (Level 2) <i>US\$</i>	Significant Other Unobservable Inputs (Level 3) <i>US\$</i>
Assets held in Trust at 31 December 2019:			
U.S. Treasury Securities	161,991,526	—	—
Money market funds	<u>28,383</u>	<u>—</u>	<u>—</u>
	<u><u>162,019,909</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

Description	Quoted Prices in Active Markets (Level 1) <i>US\$</i>	Significant Other Observable Inputs (Level 2) <i>US\$</i>	Significant Other Unobservable Inputs (Level 3) <i>US\$</i>
Assets held in Trust at 31 December 2018:			
Money market fund	<u>159,718,098</u>	<u>—</u>	<u>—</u>
	<u><u>159,718,098</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

Transfers to/from Levels 1, 2, and 3 are recognized at the end of the reporting period. There were no transfers between levels for the years ended 31 December 2019 and 2018.

9. INCOME TAXES

The Company's financial statements include total net income (loss) before taxes of approximately \$2.4 million and approximately \$0.9 million for the years ended 31 December 2019 and 2018, respectively. The income tax provision consists of the following:

	31 December	
	2019	2018
	<i>US\$</i>	<i>US\$</i>
Federal		
Current	547,749	311,183
Deferred	(40,546)	(119,993)
State and Local		
Current	—	—
Deferred	—	13,984
Change in Valuation allowance	<u>168,651</u>	<u>106,009</u>
Income tax provision (benefit)	<u><u>675,854</u></u>	<u><u>311,183</u></u>

Reconciliations of the differences between the provision/(benefit) for income taxes and income taxes at the statutory U.S. federal income tax rate is as follows:

	2019		2018	
	Amount	Percent of Pretax Income	Amount	Percent of Pretax Income
Current tax at U.S. statutory rate	514,015	21.00%	189,847	21.00%
Nondeductible/nontaxable items	2,436	0.10%	1,343	0.15%
State taxes, net of federal benefit	—	0.00%	—	0.00%
State effect of perm items	—	0.00%	—	0.00%
Valuation allowance activity	168,651	6.89%	106,009	11.72%
Deferred rate change	—	0.00%	13,984	1.55%
Current/deferred rate differential	—	0.00%	—	0.00%
Federal payable true-up	(9,248)	-0.38%	—	0.00%
Other	<u>1</u>	<u>0.00%</u>	<u>—</u>	<u>0.00%</u>
Total Income Tax Provision/(Benefit)	<u><u>675,854</u></u>	<u><u>27.61%</u></u>	<u><u>311,183</u></u>	<u><u>34.42%</u></u>

The components of deferred tax assets and liabilities as of 31 December 2019 and 2018 are as follows:

	31 December	
	2019	2018
	<i>US\$</i>	<i>US\$</i>
Deferred tax assets:		
Unrealized gain/loss	—	—
Start-up cost	<u>313,660</u>	<u>145,009</u>
Total deferred tax assets	313,660	145,009
Valuation allowance	(313,660)	(145,009)
Deferred tax liabilities		
Unrealized gain/loss	<u>(128,105)</u>	<u>—</u>
Net Deferred tax assets/(liabilities), net of allowance	<u><u>(128,105)</u></u>	<u><u>—</u></u>

As of 31 December 2019 and 2018, the Company has concluded that it is more likely than not that the Company will not realize the benefit of its deferred tax assets associated with start-up costs. Start-up costs cannot be amortized against future operating income until a business combination has occurred. Therefore, a full valuation allowance has been established prior to the company completing a business combination, as future events such as business combinations cannot be considered when assessing the realizability of Deferred Tax Assets and when the probability of a special purpose acquisition company consummating a business combination is less than 51%. In addition, a reliable forecast of trust investment income and start-up costs expected to be incurred in the period/s prior to a business combination or a dissolution and liquidation is not practicable. Accordingly, the net deferred tax assets have been fully reserved.

10. SUBSEQUENT EVENTS

On 10 January 2020, the Company received an additional loan proceed of \$130,000 and increased the total amount outstanding under the Convertible Note to \$880,000.

On 20 February 2020, the Company has agreed to amend its arrangement with Mr. Prot, pursuant to which no further monthly fees will be paid on a current monthly basis to Mr. Prot, however, if the Company completes its acquisition of a target company prior to 18 June 2020, the Company shall pay Mr. Prot \$12,500 for each month Mr. Prot has continued to provide services to the Company since 1 January 2020. If the Company does not complete its acquisition of a target company prior to 18 June 2020 then no further fees will be payable to Mr. Prot following 31 December 2019.

4. The following is an extract of the unaudited interim financial statements of LF Capital as of and for the period ended 30 June 2020, which were prepared in accordance with U.S. GAAP, from the quarterly report for the quarterly period ended 30 June 2020 on Form 10-Q of LF Capital issued on 7 August 2020.

The quarterly report for the quarterly period ended 30 June 2020 on Form 10-Q have been published on the website of the U.S. Securities and Exchange Commission (www.sec.gov) and can be accessed at the website address below:

https://www.sec.gov/Archives/edgar/data/1721386/000173112220000814/e2049_10q.htm

UNAUDITED CONDENSED BALANCE SHEETS

	30 June 2020	31 December 2019
	<i>US\$</i>	<i>US\$</i>
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	158,966	161,405
Prepaid expenses	<u>47,937</u>	<u>304,077</u>
Total current assets	206,903	465,482
Marketable securities held in Trust Account	<u>141,249,220</u>	<u>162,019,909</u>
Total assets	<u>141,456,123</u>	<u>162,485,391</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	451,652	121,516
Accrued expenses	16,000	30,610
Note payable — related parties	1,500,000	750,000
Franchise tax payable	20,050	40,000
Income tax payable	<u>122,229</u>	<u>—</u>
Total current liabilities	2,109,931	942,126
Deferred tax liabilities	—	128,105
Deferred underwriting commissions	<u>5,433,750</u>	<u>5,433,750</u>
Total liabilities	7,543,681	6,503,981
Commitments		
Class A common stock, \$0.0001 par value; 12,265,693 and 14,461,820 shares subject to possible redemption at \$10.51 and \$10.44 per share at 30 June 2020 and 31 December 2019, respectively	128,912,433	150,981,401
Stockholders' Equity:		
Preferred stock, \$0.0001 par value; 1,000,000 shares authorized; none issued and outstanding at 30 June 2020 and 31 December 2019, respectively	—	—

	30 June 2020	31 December 2019
	<i>US\$</i>	<i>US\$</i>
	(unaudited)	
Class A common stock, \$0.0001 par value; 100,000,000 shares authorized; 1,169,368 and 1,063,180 shares issued and outstanding (excluding 12,265,693 and 14,461,820 shares subject to possible redemption) at 30 June 2020 and 31 December 2019, respectively	117	106
Convertible Class B common stock, \$0.0001 par value; 15,000,000 shares authorized; 3,881,250 shares issued and outstanding at 30 June 2020 and 31 December 2019, respectively	388	388
Additional paid-in capital	2,957,330	2,757,412
Retained earnings	<u>2,042,174</u>	<u>2,242,103</u>
Total stockholders' equity	<u>5,000,009</u>	<u>5,000,009</u>
Total Liabilities and Stockholders' Equity	<u>141,456,123</u>	<u>162,485,391</u>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF OPERATIONS (UNAUDITED)

	For the Three Months		For the Six Months	
	Ended 30 June		Ended 30 June	
	2020	2019	2020	2019
	US\$	US\$	US\$	US\$
General and administrative expenses	215,590	195,018	644,577	432,117
Franchise tax expense	<u>50,000</u>	<u>50,000</u>	<u>100,050</u>	<u>100,000</u>
Loss from operations	(265,590)	(245,018)	(744,627)	(532,117)
Interest earned on investments and marketable securities	<u>45,058</u>	<u>965,040</u>	<u>683,974</u>	<u>1,900,169</u>
(Loss) Income before income tax expense	(220,532)	720,022	(60,653)	1,368,052
Income tax expense	<u>2,145</u>	<u>193,059</u>	<u>139,276</u>	<u>378,599</u>
Net (loss) income	<u>(222,677)</u>	<u>526,963</u>	<u>(199,929)</u>	<u>989,453</u>
Weighted average shares outstanding of Class A common stock	<u>15,226,437</u>	<u>15,525,000</u>	<u>15,375,719</u>	<u>15,525,000</u>
Basic and diluted net income per share, Class A	<u>—</u>	<u>0.05</u>	<u>0.03</u>	<u>0.09</u>
Weighted average shares outstanding of Class B common stock	<u>3,881,250</u>	<u>3,881,250</u>	<u>3,881,250</u>	<u>3,881,250</u>
Basic and diluted net loss per share, Class B	<u>(0.06)</u>	<u>(0.05)</u>	<u>(0.17)</u>	<u>(0.11)</u>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

**CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(UNAUDITED)**

	For the Six Months Ended 30 June 2020						
	Common Stock				Additional Paid-in Capital US\$	Retained Earnings US\$	Total Stockholders' Equity US\$
	Class A Shares	Class A Amount US\$	Class B Shares	Class B Amount US\$			
Balance — 31 December 2019	1,063,180	106	3,881,250	388	2,757,412	2,242,103	5,000,009
Common stock subject to possible redemption	39,265	4	—	—	(22,754)	—	(22,750)
Net income	—	—	—	—	—	22,748	22,748
Balance — 31 March 2020 (unaudited)	1,102,445	110	3,881,250	388	2,734,658	2,264,851	5,000,007
Common stock subject to possible redemption ⁽¹⁾	66,923	7	—	—	222,672	—	222,679
Net loss	—	—	—	—	—	(222,677)	(222,677)
Balance — 30 June 2020 (unaudited)	1,169,368	117	3,881,250	388	2,957,330	2,042,174	5,000,009
	For the Six Months Ended 30 June 2019						
	Common Stock				Additional Paid-in Capital US\$	Retained Earnings US\$	Total Stockholders' Equity US\$
	Class A Shares	Class A Amount US\$	Class B Shares	Class B Amount US\$			
Balance — 31 December 2018	1,024,556	102	3,881,250	388	4,529,248	470,267	5,000,005
Common stock subject to possible redemption	25,390	3	—	—	(462,492)	—	(462,489)
Net income	—	—	—	—	—	462,490	462,490
Balance — 31 March 2019 (Unaudited)	1,049,946	105	3,881,250	388	4,066,756	932,757	5,000,006
Common stock subject to possible redemption	(8,940)	(1)	—	—	(526,959)	—	(526,960)
Net income	—	—	—	—	—	526,963	526,963
Balance — 30 June 2019 (Unaudited)	1,041,006	104	3,881,250	388	3,539,797	1,459,720	5,000,009

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

CONDENSED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)

	For the Six Months Ended 30 June	
	2020	2019
	<i>US\$</i>	<i>US\$</i>
Cash Flows from Operating Activities:		
Net (loss) income	(199,929)	989,453
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Deferred tax liabilities	(128,105)	202,359
Interest earned on investments and marketable securities held in Trust Account	(683,966)	(1,899,719)
Changes in operating assets and liabilities:		
Prepaid expenses	256,140	(239,355)
Accounts payable	330,136	34,980
Accrued expenses	(14,610)	3,179
Franchise tax payable	(19,950)	(180,000)
Income tax payable	122,229	—
	<u>(338,055)</u>	<u>(1,089,103)</u>
Net cash used in operating activities		
Cash Flows from Investing Activities		
Cash deposited in Trust Account	(662,934)	—
Withdrawal from trust upon redemption of Class A common stock	21,869,039	—
Interest released from Trust Account	248,550	671,717
	<u>21,454,655</u>	<u>671,717</u>
Net cash provided by investing activities		
Cash Flows from Financing Activities:		
Proceeds from note payable to related parties	750,000	400,000
Redemption of Class A common stock	(21,869,039)	—
	<u>(21,119,039)</u>	<u>400,000</u>
Net cash (used in) provided by financing activities		
Net decrease in cash and cash equivalents	(2,439)	(17,386)
Cash and cash equivalents — beginning of the period	<u>161,405</u>	<u>196,804</u>
Cash and cash equivalents — end of the period	<u>158,966</u>	<u>179,418</u>
Supplemental disclosure of noncash investing and financing activities:		
Change in Class A common stock subject to possible redemption	<u>(199,929)</u>	<u>989,449</u>
Supplemental cash flow disclosure:		
Cash paid for income taxes	<u>128,500</u>	<u>391,467</u>

The accompanying notes are an integral part of these unaudited condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF ORGANIZATION AND BUSINESS OPERATIONS

LF Capital Acquisition Corp. (the “Company”) is a blank check company incorporated in the state of Delaware on 29 June 2017. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses that the Company has not yet identified (“Business Combination”). Although the Company is not limited to a particular industry or geographic region for purposes of consummating a Business Combination, the Company intends to capitalize on the ability of its management team to focus its search for a target business in the commercial banking and financial technology industries.

All activity through 30 June 2020 relates to the Company’s formation and the initial public offering (“Initial Public Offering”), and, since the closing of the Initial Public Offering, a search for a Business Combination candidate. The Company has selected 31 December as its fiscal year end.

The registration statement for the Company’s Initial Public Offering was declared effective on 19 June 2018. On 22 June 2018, the Company consummated its Initial Public Offering of 15,525,000 units (each, a “Unit” and collectively, the “Units”), including 2,025,000 Units issued pursuant to the exercise in full of the underwriters’ over-allotment option, at \$10.00 per Unit, generating gross proceeds of \$155.25 million, and incurring offering costs of approximately \$9.3 million, inclusive of \$5.4338 million in deferred underwriting commissions (Note 3).

Simultaneously with the closing of the Initial Public Offering, the Company consummated the private placement (“Private Placement”) of 7,760,000 warrants (each, a “Private Placement Warrant” and collectively, the “Private Placement Warrants”) at a price of \$1.00 per Private Placement Warrant in a private placement to the Sponsor, Level Field Capital, LLC (“Sponsor”) and certain funds and accounts managed by subsidiaries of BlackRock, Inc. (collectively, “anchor investor”), generating gross proceeds of \$7.76 million (Note 4).

Upon the closing of the Initial Public Offering and Private Placement, \$158.355 million (\$10.20 per Unit) of the net proceeds of the sale of the Units in the Initial Public Offering and the Private Placement was placed in a trust account (“Trust Account”) and is required to be invested in U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act of 1940, as amended, or the Investment Company Act, as determined by the Company, until the earlier of: (i) the completion of a Business Combination and (ii) the distribution of the Trust Account as described below.

The Company’s management has broad discretion with respect to the specific application of the net proceeds of its Initial Public Offering and Private Placement Warrants, although substantially all of the net proceeds are intended to be applied generally toward consummating a Business Combination. The Company’s initial Business Combination must be with one or more target businesses that together have an aggregate fair market value of at least 80% of the assets held in the Trust Account (excluding the deferred underwriting commissions and taxes payable on income earned on the trust account) at the time of the agreement to enter into the initial Business Combination. However, the Company will only complete a Business Combination if the post-transaction company owns or acquires 50% or more of the outstanding voting securities of the target or otherwise acquires a controlling interest in the target sufficient for it not to be required to register as an investment company under the Investment Company Act.

The Company will provide its shareholders of Class A shares purchased in the Initial Public Offering (“public shareholders” and such shares the “public shares”) with the opportunity to redeem all or a portion of their public shares upon the completion of a Business Combination either (i) in connection with a shareholder meeting called to approve the Business Combination or (ii) by means of a tender offer. The decision as to whether the Company will seek shareholder approval of a Business Combination or conduct a tender offer will be made by the Company, solely in its discretion. If, however, shareholder approval of the transaction is required by law or stock exchange listing requirement, or the Company decides to obtain shareholder approval for business or other legal reasons, it will: (i) conduct the redemptions in conjunction with a proxy solicitation pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), which regulates the solicitation of proxies, and not pursuant to the tender offer rules; and (ii) file proxy materials with the Securities and Exchange Commission (“SEC”). The public shareholders will be entitled to redeem their public shares for a pro rata portion of the amount

then in the Trust Account (approximately \$10.23 per share as of 30 June 2020, after taking into consideration the \$0.03 per share contribution in connection with the Extension described below, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay its tax obligations, less up to \$100,000 of interest to pay dissolution expenses).

The per-share amount to be distributed to public shareholders who redeem their public shares will not be reduced by the deferred underwriting commissions the Company will pay to the underwriters (as discussed in Note 6). These public shares have been recorded at redemption value and classified as temporary equity upon the completion of the Initial Public Offering, in accordance with Accounting Standards Codification (“ASC”) Topic 480 “Distinguishing Liabilities from Equity.” In such case, the Company will proceed with a Business Combination if the Company has net tangible assets of at least \$5,000,001 upon such consummation of a Business Combination and a majority of the shares voted are voted in favor of the Business Combination. If a shareholder vote is not required by the law and the Company does not decide to hold a shareholder vote for business or other legal reasons, the Company will, pursuant to its Amended and Restated Articles of Incorporation, conduct the redemptions pursuant to the tender offer rules of the SEC, and file tender offer documents with the SEC prior to completing a Business Combination. If, however, a shareholder approval of the transactions is required by law, or the Company decides to obtain shareholder approval for business or legal reasons, the Company will offer to redeem shares in conjunction with a proxy solicitation pursuant to the proxy rules and not pursuant to the tender offer rules. Additionally, each public shareholder may elect to redeem their public shares irrespective of whether they vote for or against the proposed transaction. If the Company seeks shareholder approval in connection with a Business Combination, the initial stockholders have agreed to vote their founder shares (and any public shares purchased during or after the Initial Public Offering in favor of a Business Combination. In addition, the initial stockholders have agreed to waive their redemption rights with respect to their shares in connection with the completion of a Business Combination.

Notwithstanding the foregoing, the Company’s Amended and Restated Articles of Incorporation provides that a public shareholder, together with any affiliate of such shareholder or any other person with whom such shareholder is acting in concert or as a “group” (as defined under Section 13 of the Exchange Act), will be restricted from redeeming its shares with respect to more than an aggregate of 20% or more of the Class A common stock sold in the Initial Public Offering, without the prior consent of the Company.

On 16 June 2020, the Company held a special meeting of shareholders to extend (the “Extension”) the date by which the Company has to complete an initial Business Combination from 22 June 2020 to 22 September 2020 (the “Combination Period”). The Extension was approved, and in connection with the vote to approve the Extension, in June 2020 the holders of 2,089,939 shares of Class A common stock properly exercised their right to redeem their shares for cash at a redemption price of approximately \$10.46 per share, for an aggregate redemption amount of approximately \$21.9 million.

The Company has also agreed to deposit into the Trust Account (each deposit being referred to herein as a “Deposit”) \$0.03 for each public share that was not converted in connection with the Extension, for each monthly period, or portion thereof, that is needed by the Company to complete an initial Business Combination from 22 June 2020 until the date of the consummation of its Business Combination. During the three months ended 30 June 2020, the Company made a Deposit of approximately \$403,000 to the Trust Account. Alternatively, if the Company does not have the funds necessary to make the Deposit referred to above, the Company’s officers, directors or any of their affiliates or designees will contribute to the Company as a loan (each loan being referred to herein as a “Contribution”) \$0.03 for each public share that is not converted in connection with the shareholder votes to approve the Extension, for each monthly period, or portion thereof, that is needed by the Company to complete an initial Business Combination from 22 June 2020 until the date of the consummation of its Business Combination. The Contributions will not bear any interest and will be repayable by the Company to the officers, directors or affiliates upon consummation of an initial Business Combination. The loans will be forgiven if the Company is unable to consummate an initial Business Combination except to the extent of any funds held outside of the Trust Account.

If the Company is unable to complete a Business Combination on 22 September 2020 (the “Combination Period”), the Company will (i) cease all operations except for the purpose of winding up, (ii) as promptly as reasonably possible but no more than ten business days thereafter, redeem 100% of the outstanding public shares which redemption will completely extinguish public stockholders’ rights as shareholders (including the right to receive further liquidation distributions, if any), subject to applicable law and (iii) as promptly as reasonably possible following such redemption, subject to the approval of the remaining shareholders and the Company’s board of directors, proceed to commence a voluntary liquidation and thereby a formal dissolution of the Company, subject in each case to its obligations to provide for claims of creditors and the requirements of applicable law; provided, however that the Company can seek shareholder approval to extend the date of its termination beyond 22 September 2020 in order to avail itself of more time to complete a Business Combination, however there is no assurance such shareholder approval will be received.

In connection with the redemption of 100% of the Company’s outstanding public shares for a portion of the funds held in the Trust Account, each holder will receive a full pro rata portion of the amount then held in the Trust Account, plus any pro rata interest earned on the funds held in the Trust Account and not previously released to the Company to pay for its franchise and income taxes (less up to \$100,000 of such amount to pay dissolution expenses).

The initial stockholders have agreed to waive their liquidation rights with respect to the founder shares if the Company fails to complete a Business Combination within the Combination Period. However, if the initial stockholders should acquire public shares in or after the Initial Public Offering, they will be entitled to liquidating distributions from the Trust Account with respect to such public shares if the Company fails to complete a Business Combination within the Combination Period. The underwriters have agreed to waive their rights to their deferred underwriting commission (see Note 6) held in the Trust Account in the event the Company does not complete a Business Combination within the Combination Period and, in such event, such amounts will be included with the funds held in the Trust Account that will be available to fund the redemption of the Company’s public shares. In the event of such distribution, it is possible that the per share value of the residual assets remaining available for distribution (including Trust Account assets) will be only the \$10.23 per share placed in the Trust Account as of 30 June 2020 (or less than that in certain circumstances). In order to protect the amounts held in the Trust Account, the Sponsor has agreed to be liable to the Company, jointly and severally, if and to the extent any claims by a vendor for services rendered or products sold to the Company, or a prospective target business with which the Company has discussed entering into a transaction agreement, reduce the amount of funds in the Trust Account. This liability will not apply with respect to any claims by a third party who executed a waiver of any right, title, interest or claim of any kind in or to any monies held in the Trust Account or to any claims under the Company’s indemnity of the underwriters of the Initial Public Offering against certain liabilities, including liabilities under the Securities Act of 1933, as amended (the “Securities Act”). Moreover, in the event that an executed waiver is deemed to be unenforceable against a third party, the Sponsor will not be responsible to the extent of any liability for such third-party claims. The Company will seek to reduce the possibility that the Sponsor will have to indemnify the Trust Account due to claims of creditors by endeavoring to have all vendors, service providers (other than the Company’s independent auditors), prospective target businesses or other entities with which the Company does business, execute agreements with the Company waiving any right, title, interest or claim of any kind in or to monies held in the Trust Account.

Liquidity

As of 30 June 2020, the Company had approximately \$159,000 in its operating bank accounts, and a working capital deficit of approximately \$1.9 million (including tax obligations of approximately \$142,000).

Subsequent to the consummation of the Initial Public Offering and Private Placement, the Company’s liquidity needs have been satisfied through the proceeds from the consummation of the Private Placement not held in the Trust Account, interest earned and released from the Trust Account to pay for its tax obligations of approximately \$1.7 million since inception, and loans from the Sponsor. In order to finance transaction costs in connection with a Business Combination, the Sponsor, an affiliate of the Sponsor, or certain of the Company officers and directors may, but are not obligated to, provide the Company Working Capital Loans. The Working Capital Loans will either be repaid upon consummation of a Business Combination, without interest, or, at the lender’s discretion, up to \$1.5 million of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants. On 4 March 2019, the Company issued the Convertible Note (as defined in Note 5) to the Sponsor, pursuant to which the Sponsor agreed to provide a Working Capital Loan

to the Company of up to \$1.5 million. The Company was provided \$750,000 and \$750,000 in loan proceeds during the year ended 31 December 2019 and the six months ended 30 June 2020, respectively, for an aggregate amount of \$1.5 million, pursuant to the amended Convertible Note.

On 16 July 2020, the Company issued a \$3.0 million Promissory Note (as defined in Note 5) to the Sponsor. The Promissory Note will be repaid on the earlier of (i) 31 December 2020 and (ii) the effective date of a Business Combination, without interest. On 16 July 2020, the Company received \$1.0 million in loan proceeds pursuant to the Promissory Note which increased the outstanding principal balance of the Promissory Note to \$1.0 million.

On 30 January 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve. The impact of the COVID-19 outbreak on the Company’s results of operations, financial position and cash flows will depend on future developments, including the duration and spread of the outbreak and related advisories and restrictions. These developments and the impact of the COVID-19 outbreak on the financial markets and the overall economy are highly uncertain and cannot be predicted. If the financial markets and/or the overall economy are impacted for an extended period, the Company’s results of operations, financial position and cash flows may be materially adversely affected. To date, the COVID-19 outbreak has not had a material impact on our results of operations, financial position or cash flows.

In connection with the Company’s assessment of going concern considerations in accordance with Financial Accounting Standard Board’s Accounting Standards Update (“ASU”) 2014–15, “Disclosures of Uncertainties about an Entity’s Ability to Continue as a Going Concern”, management has determined that the mandatory liquidation and subsequent dissolution raises substantial doubt about the Company’s ability to continue as a going concern after 22 September 2020. Management plans to address this uncertainty through the consummation of a Business Combination. However, there is no assurance that the Company will be able to consummate a Business Combination within the Combination Period. No adjustments have been made to the carrying amounts of assets or liabilities should the Company be required to liquidate after 22 September 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited financial statements as of 30 June 2020, for the three and six months ended 30 June 2020 and 2019, have been prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”) for interim financial information and pursuant to rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by U.S. GAAP. In the opinion of management, all adjustments (consisting of normal accruals) considered for a fair presentation have been included. Operating results for the three and six months ended 30 June 2020 are not necessarily indicative of the results that may be expected for the year ending 31 December 2020. These unaudited condensed financial statements should be read in conjunction with the audited financial statements contained in the Company’s Form 10-K filed with the SEC on 24 February 2020.

Emerging growth company

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act, as modified by the Jumpstart our Business Startups Act of 2012, (the “JOBS Act”), and it may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in its periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

Further, section 102(b)(1) of the JOBS Act exempts emerging growth companies from being required to comply with new or revised financial accounting standards until private companies (that is, those that have not had a Securities Act registration statement declared effective or do not have a class of securities registered under the Exchange Act) are required to comply with the new or revised financial accounting standards. The JOBS Act provides that a company can elect to opt out of the extended transition period and comply with the requirements that apply to non-emerging growth companies but any such election to opt out is irrevocable. The Company has elected not to opt out of such extended transition period which means that when a standard is issued or revised and it has different application dates for public or private companies, the Company, as an emerging growth company, can adopt the new or revised standard at the time private companies adopt the new or revised standard. This may make comparison of the Company's financial statements with another public company which is neither an emerging growth company nor an emerging growth company which has opted out of using the extended transition period difficult or impossible because of the potential differences in accounting standards used.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when acquired to be cash equivalents.

Marketable Securities

The Company's portfolio of marketable securities is comprised solely of U.S. government securities, within the meaning set forth in Section 2(a)(16) of the Investment Company Act, with a maturity of 180 days or less or in any open-ended investment company that holds itself out as a money market fund selected by the Company meeting the conditions of paragraphs (d)(2), (d)(3) and (d)(4) of Rule 2a-7 of the Investment Company Act, as determined by the Company, classified as trading securities. Trading securities are presented on the balance sheets at fair value at the end of each reporting period. Gains and losses resulting from the change in fair value of these securities is recognized as gains or losses in the accompanying Statements of Operations. The estimated fair values of financial instruments are determined using available market information.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from those estimates.

Concentration of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist of cash and cash equivalents and marketable securities held for trading. Cash and cash equivalents are maintained in accounts with financial institutions, which, at times may exceed the Federal depository insurance coverage of \$250,000. At 30 June 2020 and 31 December 2019, the Company had not experienced losses on this account and management believes the Company is not exposed to significant credit risks on such account. The Company's marketable securities portfolio consists of U.S Treasury Bills and money market funds with an original maturity of 180 days or less.

Fair value of financial instruments

The fair value of the Company's assets and liabilities, which qualify as financial instruments under ASC Topic 820, "Fair Value Measurements and Disclosures," approximates the carrying amounts represented in the accompanying balance sheet, primarily due to their short-term nature. Marketable securities are classified as trading securities and are therefore recognized at fair value. The fair value for trading securities is determined using quoted market prices.

Fair Value Measurements

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. GAAP establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

- Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and
- Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

ASC 820, Fair Value Measurement and Disclosures, requires all entities to disclose the fair value of financial instruments, both assets and liabilities for which it is practicable to estimate fair value, and defines fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. As of 30 June 2020 and 31 December 2019, the recorded values of cash and cash equivalents, prepaid expenses, accounts payable, accrued expenses, and note payable to related parties approximate the fair values due to the short-term nature of the instruments. The Company's portfolio of marketable securities is comprised of an investment in U.S Treasury Bills and money market fund with an original maturity of 180 days or less. The fair value for trading securities is determined using quoted market prices.

Class A Common Stock Subject to Possible Redemption

The Company accounts for its Class A common stock subject to possible redemption in accordance with the guidance in ASC Topic 480 "Distinguishing Liabilities from Equity." Shares of Class A common stock subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. Conditionally redeemable Class A common stock (including Class A common stock that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control) are classified as temporary equity. At all other times, shares of Class A common stock are classified as stockholders' equity. The Company's Class A common stock features certain redemption rights that are considered to be outside of the Company's control and subject to the occurrence of uncertain future events. Accordingly, at 30 June 2020 and 31 December 2019, 12,265,693 and 14,461,820 shares of Class A common stock subject to possible redemption are presented as temporary equity, outside of the stockholders' equity section of the Company's balance sheets, respectively.

Net Income (Loss) per Share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share." Net income (loss) per share is computed by dividing net income (loss) applicable to common stockholders by the weighted average number of shares of common stock outstanding for the period. The Company has not considered the effect of the warrants sold in the Initial Public Offering and Private Placement to purchase an aggregate of 23,285,000 shares of Class A common stock in the calculation of diluted earnings per share, since their inclusion would be anti-dilutive under the treasury stock method. As a result, diluted earnings per share is the same as basic earnings per share for the period.

The Company's unaudited condensed statements of operations include a presentation of income (loss) per share for common stock subject to redemption in a manner similar to the two-class method of income (loss) per share. Net income per share, basic and diluted for Class A common stock is calculated by dividing the interest income earned on the Trust Account, net of applicable taxes, by the weighted average number of shares of Class A common stock outstanding since the initial issuance. Net income (loss) per share, basic and diluted for Class B common stock is calculated by dividing the net income, less income attributable to Class A common stock, by the weighted average number of shares of Class B common stock outstanding for the periods.

Reconciliation of net income (loss) per common stock

The Company's net income is adjusted for the portion of income that is attributable to Class A common stock subject to redemption, as these shares only participate in the earnings of the Trust Account (less applicable taxes) and not the income or losses of the Company. Accordingly, basic and diluted income per Class A common stock is calculated as follows:

	For the Three Months Ended 31 March		For the Six Months Ended 31 March	
	2020	2019	2020	2019
Net income (US\$)	222,677	526,963	(199,929)	989,453
Less: Income attributable to Class A common stock (US\$)	<u>0</u>	<u>(721,891)</u>	<u>(444,648)</u>	<u>(1,421,570)</u>
Adjusted net loss attributable to Class B common stock (US\$)	<u><u>222,677</u></u>	<u><u>(195,018)</u></u>	<u><u>(644,577)</u></u>	<u><u>(432,117)</u></u>
Weighted average shares outstanding of Class A common stock	<u><u>15,226,437</u></u>	<u><u>15,525,000</u></u>	<u><u>15,375,719</u></u>	<u><u>15,525,000</u></u>
Basic and diluted net income per share, Class A (US\$)	<u><u>0.00</u></u>	<u><u>0.05</u></u>	<u><u>0.03</u></u>	<u><u>0.09</u></u>
Weighted average shares outstanding of Class B common stock	<u><u>3,881,250</u></u>	<u><u>3,881,250</u></u>	<u><u>3,881,250</u></u>	<u><u>3,881,250</u></u>
Basic and diluted net loss per share, Class B (US\$)	<u><u>(0.06)</u></u>	<u><u>(0.06)</u></u>	<u><u>(0.17)</u></u>	<u><u>(0.11)</u></u>

Income Taxes

The Company follows the asset and liability method of accounting for income taxes under FASB ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that included the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized.

FASB ASC 740 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by taxing authorities. There were no unrecognized tax benefits as of 30 June 2020. The Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. No amounts were accrued for the payment of interest and penalties at 30 June 2020. The Company is currently not aware of any issues under review that could result in significant payments, accruals or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

The Company has recorded deferred tax liabilities relating to unrealized gains on investments as of 30 June 2020 and 31 December 2019 amounting to \$0 and approximately \$128,000, as well as deferred tax assets relating to expenses deferred for income tax purposes and an offsetting full valuation allowance of approximately \$451,000 and \$314,000, respectively.

The table below presents the Company's deferred tax liabilities:

	30 June 2020	31 December 2019
	<i>US\$</i>	<i>US\$</i>
Deferred tax assets:		
Net operating loss carryovers	—	—
Start-up cost	450,933	313,660
	<u>450,933</u>	<u>313,660</u>
Total deferred tax assets	450,933	313,660
Valuation allowance	(450,933)	(313,660)
Deferred tax liabilities		
Unrealized gain/loss	—	(128,105)
	<u>—</u>	<u>(128,105)</u>
Net Deferred tax assets/(liabilities), net of allowance	<u>—</u>	<u>(128,105)</u>

The table below presents the components of the provision for income taxes:

	30 June 2020	31 December 2019
	<i>US\$</i>	<i>US\$</i>
Federal		
Current	267,381	547,749
Deferred	(265,378)	(40,546)
State and Local		
Current	—	—
Deferred	—	—
Change in Valuation allowance	137,273	168,651
	<u>137,273</u>	<u>168,651</u>
Income tax provision	<u>139,276</u>	<u>675,854</u>

Recent Accounting Pronouncements

Management does not believe that any recently issued, but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

3. INITIAL PUBLIC OFFERING

On 22 June 2018, the Company sold 15,525,000 Units at a price of \$10.00 per Unit in the Initial Public Offering. Each Unit consists of one Class A common stock and one redeemable warrant ("Public Warrant"). Each Public Warrant will entitle the holder to purchase one Class A share at an exercise price of \$11.50 per share, subject to adjustment (see Note 7).

4. PRIVATE PLACEMENT

Concurrently with the closing of the Initial Public Offering, the Sponsor and the anchor investor purchased an aggregate of 7,760,000 Private Placement Warrants at \$1.00 per warrant (\$7.76 million in the aggregate) in a private placement. Among the Private Placement Warrants, 7,209,560 warrants were purchased by the Sponsor and 550,440 warrants were purchased by the anchor investor.

Each Private Placement Warrant is exercisable to purchase one Class A share at \$11.50 per share. A portion of the proceeds from the Private Placement Warrants was added to the proceeds from the Initial Public Offering to be held in the Trust Account. If the Company does not complete a Business Combination within the Combination Period, the Private Placement Warrants will expire worthless.

5. RELATED PARTY TRANSACTIONS**Founder Shares**

In August 2017, the Company issued an aggregate of 4,312,500 shares of Class B common stock the "founder shares" to the Sponsor in exchange for an aggregate capital contribution of \$25,000. In February 2018, the Sponsor forfeited 431,250 founder shares, resulting in a decrease in the total number of founder shares from 4,312,500 to 3,881,250. All share amounts presented in the financial statements have been retroactively restated to reflect these share forfeitures. In June 2018, the Sponsor forfeited 267,300 founder shares and the anchor investor purchased 267,300 founder shares for an aggregate purchase price of \$1,980.

The founder shares will automatically convert into Class A common stock upon the consummation of a Business Combination on a one-for-one basis, subject to adjustment (see Note 7). The initial stockholders agreed not to transfer, assign or sell any of their founder shares until the earliest of (a) one year after the completion of the initial Business Combination, (b) subsequent to the initial Business Combination, if the last reported sale price of the Class A common stock equals or exceeds \$12.00 per share (as adjusted) for any 20 trading days within any 30-trading day period commencing at least 150 days after the initial Business Combination, or (c) following the completion of the initial Business Combination, such future date on which the Company completes a liquidation, merger, stock exchange, reorganization or other similar transaction that results in all of our public stockholders having the right to exchange their common stock for cash, securities or other property.

If the anchor investor does not own the number of public shares equal to 1,336,500 at the time of any stockholder vote with respect to an initial Business Combination or the business day immediately prior to the consummation of the initial Business Combination, the anchor investor will forfeit up to 267,300 founder shares on a pro rata basis. In such case, the Sponsor will repurchase all or a portion of the Private Placement Warrants held by the anchor investor at its original purchase price.

Office Space and Related Support Services

The Company agreed, commencing on the effective date of the Initial Public Offering in June 2018 through the earlier of the Company's consummation of a Business Combination and its liquidation, to pay our Sponsor or an affiliate of our Sponsor a monthly fee of \$10,000 for office space, utilities and secretarial and administrative support. The Company incurred \$30,000 and \$60,000 in expenses in connection with such services during each of the three and six months ended 30 June 2020 and 2019, respectively, as reflected in the accompanying Statements of Operations.

Board Member Agreement

In September 2017, the Company entered into an agreement with B. Prot Conseils, an entity controlled by Mr. Baudouin Prot, one of its board members, pursuant to which the board member is paid a cash fee of \$150,000 per annum in exchange for his service. The agreement was effective as of 1 October 2017 and lasts until the consummation of the Company's business combination. The Company incurred \$37,500 and \$75,000 in fees related to this service during the three and six months ended 30 June 2019, respectively, in the accompanying Statements of Operations. On 20 February 2020, the Company agreed to amend its arrangement with Mr. Prot, pursuant to which no further monthly fees will be paid on a current monthly basis to Mr. Prot, however, if the Company completes its acquisition of a target company prior to 18 June 2020, the Company shall pay Mr. Prot \$12,500 for each month Mr. Prot has continued to provide services to the Company since 1 January 2020. On 3 August 2020, the Company agreed to amend its arrangement with Mr. Prot pursuant to which Mr. Prot will be paid an aggregate of \$75,000 for January through June 2020 so long as Mr. Prot continues to provide services to the Company to substantially the same extent as he previously provided such services and the Company successfully completes its acquisition of a target company prior to 31 December 2020. If the Company does not complete its acquisition of a target company prior to 31 December 2020, then no further fees will be due from the Company to Mr. Prot.

Promissory Notes — Related Party

The Sponsor had agreed to loan the Company an aggregate of up to \$300,000 to be used for the payment of costs related to the Initial Public Offering. In April 2018, the Sponsor amended the note to increase the principal amount to \$500,000. The loan was non-interest bearing, unsecured and due upon the closing of the Initial Public Offering. The Company fully repaid the loan from the proceeds of the Initial Public Offering not being placed in the Trust Account on 22 June 2018.

On 16 July 2020, the Company issued a promissory note ("Promissory Note") to the Sponsor, pursuant to which the Sponsor agreed to provide a working capital loan to the Company of up to \$3.0 million. The Promissory Note will be repaid on the earlier of (i) 31 December 2020 and (ii) the effective date of a Business Combination, without interest. On 16 July 2020, the Company received \$1.0 million in loan proceeds pursuant to the Promissory Note which increased the outstanding principal balance of the Promissory Note to \$1.0 million.

Related Party Loans

In order to finance transaction costs in connection with a Business Combination, the Sponsor or an affiliate of the Sponsor, or certain of the Company's officers and directors agreed to loan the Company funds as may be required ("Working Capital Loans"). If the Company completes a Business Combination, the Company would repay the Working Capital Loans out of the proceeds of the Trust Account released to the Company. Otherwise, the Working Capital Loans would be repaid only out of funds held outside the Trust Account. In the event that a Business Combination does not close, the Company may use a portion of proceeds held outside the Trust Account to repay the Working Capital Loans but no proceeds held in the Trust Account would be used to repay the Working Capital Loans. The Working Capital Loans would either be repaid upon consummation of a Business Combination, without interest, or, at the lender's discretion, up to \$1.5 million of such Working Capital Loans may be convertible into warrants of the post Business Combination entity at a price of \$1.00 per warrant. The warrants would be identical to the Private Placement Warrants.

On 4 March 2019, the Company issued a convertible note (“Convertible Note”) to the Sponsor, pursuant to which the Sponsor agreed to provide a Working Capital Loan to the Company of up to \$1.5 million. On 16 June 2020, the Company amended the Convertible Note, pursuant to which the maturity date of the note was extended to the earlier of (i) 31 December 2020 and (ii) the effective date of a Business Combination. The Company was provided \$750,000 and \$750,000 in loan proceeds during the year ended 2019 and the six months ended 30 June 2020, respectively, for an aggregate \$1.5 million outstanding balance pursuant to the amended Convertible Note.

In addition, in connection with the Extension, the Company’s officers, directors or any of their affiliates or designees have agreed, if the Company does not have the funds necessary to make the Deposit, to make Contributions to the Company as a loan of \$0.03 for each Public Share that is not converted in connection with the shareholder votes to approve the Extension. The Contributions will not bear any interest and will be repayable by the Company to the officers, directors or affiliates upon consummation of an initial Business Combination. The loans will be forgiven if the Company is unable to consummate an initial Business Combination except to the extent of any funds held outside of the Trust Account. As of 30 June 2020, no Contributions were outstanding.

6. COMMITMENTS & CONTINGENCIES

Registration Rights

The holders of the founder shares and Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans (and any Class A common stock issuable upon the exercise of the Private Placement Warrants and warrants that may be issued upon conversion of Working Capital Loans) will be entitled to registration rights (in the case of the Founder Shares, only after conversion of such shares to shares of Class A common stock) pursuant to a registration rights agreement to be signed prior to or on the effective date of the Initial Public Offering. The holders of these securities are entitled to make up to three demands, excluding short form demands, that the Company register such securities. In addition, the holders have certain “piggy-back” registration rights with respect to registration statements filed subsequent to the consummation of a Business Combination. The Company will bear the expenses incurred in connection with the filing of any such registration statements.

Underwriting Agreement

The underwriters were entitled to an underwriting discount of \$0.20 per unit, or \$3.105 million in the aggregate, paid upon the closing of the Initial Public Offering. Additionally, a deferred underwriting discount of \$0.35 per unit, or \$5.434 million in the aggregate will be payable to the underwriters from the amounts held in the Trust Account solely in the event that the Company completes a Business Combination, subject to the terms of the underwriting agreement.

7. STOCKHOLDERS’ EQUITY

Class A Common stock

The Company is authorized to issue 100,000,000 shares of Class A common stock with a par value of \$0.0001 per share. At 30 June 2020 and 31 December 2019, there were 13,435,061 and 15,525,000 shares of Class A common stock issued or outstanding, including 12,265,693 and 14,461,820 shares of Class A common stock subject to possible redemption, respectively.

Holders of the Class A common stock and holders of the Class B common stock will vote together as a single class on all matters submitted to a vote of our stockholders, except as required by law. Each share of common stock will have one vote on all such matters.

Class B Common stock

The Company is authorized to issue 15,000,000 shares of Class B common stock with a par value of \$0.0001 per share. In August 2017, the Company initially issued 4,312,500 Class B common stock. In February 2018, in connection with the decrease of the size of the Initial Public Offering, the Sponsor forfeited 431,250 shares of Class B common stock, resulting in a decrease in the total number of founder shares from 4,312,500 to 3,881,250. All share amounts presented in the financial statements have been retroactively restated to reflect these share forfeitures. At 30 June 2020 and 31 December 2019, there were 3,881,250 Class B common stock issued or outstanding.

The Class B common stock will automatically convert into Class A common stock on the first business day following the consummation of the initial Business Combination on a one-for-one basis, subject to adjustment. In the case that additional Class A common stock, or equity-linked securities, are issued or deemed issued in excess of the amounts sold in the Initial Public Offering and related to the closing of the initial Business Combination, the ratio at which the Class B common stock shall convert into Class A common stock will be adjusted (unless the holders of a majority of the outstanding shares of Class B common stock agree to waive such adjustment with respect to any such issuance or deemed issuance, including a specified future issuance) so that the number of Class A common stock issuable upon conversion of all Class B common stock will equal, in the aggregate, 20% of the sum of the total number of all common stock outstanding upon the completion of the Initial Public Offering plus all Class A common stock and equity-linked securities issued or deemed issued in connection with the initial Business Combination, excluding any shares or equity-linked securities issued, or to be issued, to any seller in the initial Business Combination.

Preferred Stock

The Company is authorized to issue 1,000,000 preferred shares with a par value of \$0.0001 per share. At 30 June 2020 and 31 December 2019, there are no preferred shares issued or outstanding.

Warrants

At 30 June 2020 and 31 December 2019, there are 23,285,000 outstanding warrants, consisting of 15,525,000 Public Warrants and 7,760,000 Private Placement Warrants, each warrant exercisable at \$11.50 into one share of Class A common stock.

The Public Warrants will become exercisable 30 days after the completion of a Business Combination; provided that the Company has an effective registration statement under the Securities Act covering the Class A common stock issuable upon exercise of the Public Warrants and a current prospectus relating to them is available (or the Company permits holders to exercise their Public Warrants on a cashless basis and such cashless exercise is exempt from registration under the Securities Act). The Company has agreed that as soon as practicable, but in no event later than 15 business days after the closing of a Business Combination that it will use its best efforts to file with the SEC a registration statement for the registration, under the Securities Act, of the Class A common stock issuable upon exercise of the Public Warrants. The Company will use its best efforts to cause the same to become effective and to maintain the effectiveness of such registration statement, and a current prospectus relating thereto, until the expiration of the Public Warrants in accordance with the provisions of the warrant agreement. If a registration statement covering the Class A common stock issuable upon exercise of the warrants is not effective by the sixtieth (60th) day after the closing of the initial Business Combination, warrant holders may, until such time as there is an effective registration statement and during any period when the Company will have failed to maintain an effective registration statement, exercise warrants on a "cashless basis" in accordance with Section 3(a)(9) of the Securities Act or another exemption. The Public Warrants will expire five years after the completion of a Business Combination or earlier upon redemption or liquidation.

The Private Placement Warrants are identical to the Public Warrants underlying the Units sold in the Initial Public Offering, except that the Private Placement Warrants and the Class A common stock issuable upon exercise of the Private Placement Warrants will not be transferable, assignable or salable until 30 days after the completion of a Business Combination, subject to certain limited exceptions. Additionally, the Private Placement Warrants will be non-redeemable so long as they are held by the initial purchasers or such

purchasers' permitted transferees. If the Private Placement Warrants are held by someone other than the initial stockholders or their permitted transferees, the Private Placement Warrants will be redeemable by the Company and exercisable by such holders on the same basis as the Public Warrants.

The Company may call the Public Warrants for redemption (except with respect to the Private Placement Warrants):

- in whole and not in part;
- at a price of \$0.01 per warrant;
- upon a minimum of 30 days' prior written notice of redemption; and
- if, and only if, the last reported closing price of the shares equals or exceeds \$18.00 per share for any 20 trading days within a 30-trading day period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders.

If the Company calls the Public Warrants for redemption, management will have the option to require all holders that wish to exercise the Public Warrants to do so on a "cashless basis," as described in the warrant agreement.

The exercise price and number of Class A shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, or recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuance of Class A shares at a price below their exercise price. Additionally, in no event will the Company be required to net cash settle the warrant shares. If the Company is unable to complete a Business Combination within the Combination Period and the Company liquidates the funds held in the Trust Account, holders of warrants will not receive any of such funds with respect to their warrants, nor will they receive any distribution from the Company's assets held outside of the Trust Account with the respect to such warrants. Accordingly, the warrants may expire worthless.

8. FAIR VALUE MEASUREMENTS

The following table presents information about the Company's assets that are measured on a recurring basis as of 30 June 2020 and 31 December 2019 and indicates the fair value hierarchy of the valuation techniques that the Company utilized to determine such fair value.

30 June 2020

Description	Quoted Prices in Active Markets (Level 1) <i>US\$</i>	Significant Other Observable Inputs (Level 2) <i>US\$</i>	Significant Other Unobservable Inputs (Level 3) <i>US\$</i>
Assets held in Trust:			
Money market funds	141,249,220	—	—
	<u>141,249,220</u>	<u>—</u>	<u>—</u>

31 December 2019

Description	Quoted Prices in Active Markets (Level 1) <i>US\$</i>	Significant Other Observable Inputs (Level 2) <i>US\$</i>	Significant Other Unobservable Inputs (Level 3) <i>US\$</i>
Assets held in Trust:			
U.S. Treasury Securities	161,991,526	—	—
Money market funds	<u>28,383</u>	<u>—</u>	<u>—</u>
	<u><u>162,019,909</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

Transfers to/from Levels 1, 2, and 3 are recognized at the end of the reporting period. There were no transfers between levels for three and six months ended 30 June 2020 and 2019.

9. SUBSEQUENT EVENTS

On 16 July 2020, the Company issued a \$3.0 million Promissory Note to the Sponsor, which will be repaid on the earlier of (i) 31 December 2020 and (ii) the effective date of a Business Combination, without interest. On 16 July 2020, the Company received \$1.0 million in loan proceeds pursuant to the Promissory Note which increased the principal balance of the July Note to \$1.0 million.

On 3 August 2020, the Company agreed to amend its arrangement with Mr. Prot pursuant to which Mr. Prot will be paid an aggregate of \$75,000 for January through June 2020 so long as Mr. Prot continues to provide services to the Company to substantially the same extent as he previously provided such services and the Company successfully completes its acquisition of a target company prior to 31 December 2020. If the Company does not complete its acquisition of a target company prior to 31 December 2020, then no further fees will be due from the Company to Mr. Prot.

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date that the financial statements were issued. Based upon this review, other than as noted above, the Company did not identify and subsequent events that would have required adjustment or disclosure in the financial statements.

II. REPORTS FROM THE AUDITOR ON THE AUDITED FINANCIAL INFORMATION OF LF CAPITAL OF THE PERIOD FROM 29 JUNE 2017 (DATE OF INCORPORATION) TO 31 DECEMBER 2017 AND THE YEARS ENDED 31 DECEMBER 2018 AND 2019

1. The following is the text of the report from RSM US LLP, an independent registered public accounting firm in the United States, in respect of the audited financial statements of LF Capital as of 31 December 2017 and for the period from 29 June 2017 (date of incorporation) to 31 December 2017, issued on 21 February 2018.

This report is an extract from DRS/A Draft Registration Statement of LF Capital issued on 21 February 2018.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of LF Capital Acquisition Corp.

Opinion on the Financial Statements

We have audited the accompanying balance sheet of LF Capital Acquisition Corp. (the Company) as of 31 December 2017, and the related statements of operations, changes in stockholders' deficit and cash flows for the period from 29 June 2017 (inception) to 31 December 2017, and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2017, and the results of its operations and its cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/RSM US LLP

We have served as the Company's auditor since 2017.

New York, New York
21 February 2018

2. The following is the text of the report from RSM US LLP, an independent registered public accounting firm in the United States, in respect of the audited financial statements of LF Capital as of and for the year ended 31 December 2018, issued on 5 March 2019.

This report is an extract from Form 10-K of LF Capital issued on 5 March 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
LF Capital Acquisition Corp.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of LF Capital Acquisition Corp. (the Company) as of 31 December 2018 and 2017, the related statements of operations, changes in stockholders' equity (deficit) and cash flows for the year ended 31 December 2018 and the period from 29 June 2017 (inception) to 31 December 2017, and the related notes to the financial statements (collectively, the financial statements). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2018 and 2017, and the results of its operations and its cash flows for the year ended 31 December 2018 and the period from 29 June 2017 (inception) to 31 December 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/RSM US LLP

We have served as the Company's auditor since 2017.

New York, New York
5 March 2019

3. The following is the text of the report from RSM US LLP, an independent registered public accounting firm in the United States, in respect of the audited financial statements of LF Capital as of and for the year ended 31 December 2019, issued on 24 February 2019.

This report is an extract from Form 10-K of LF Capital issued on 24 February 2019.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of LF Capital Acquisition Corp.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of LF Capital Acquisition Corp. (the “**Company**”) as of 31 December 2019 and 2018, the related statements of operations, changes in stockholders’ equity (deficit), and cash flows and the related notes to the financial statements (collectively, the financial statements) for the years ended 31 December 2019 and 2018. In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2019 and 2018, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Substantial Doubt About the Company’s Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company’s mandatory liquidation and subsequent dissolution if it does not complete a business combination by 22 June 2020 raises substantial doubt about the Company’s ability to continue as a going concern. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“**PCAOB**”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/RSM US LLP

We have served as the Company's auditor since 2017.

New York, New York
24 February 2020

III. RECONCILIATION INFORMATION

The following is a line-by-line reconciliation of the statements of comprehensive income for the period/years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 (the “**Relevant Periods**”) and of the balance sheets as at 31 December 2017, 2018 and 2019 and 30 June 2020 of LF Capital to address the differences in LF Capital’s financial information had it been prepared in accordance with the Company’s accounting policies. The process applied in the preparation of this reconciliation is set out in the “Basis of Preparation” and “Reconciliation Process” sections below.

(a) Line-by-line reconciliations on the statement of comprehensive income of LF Capital for the period ended 31 December 2017

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Adjustments US\$	Unaudited Financial Information under HKFRS US\$
Administrative expenses		(120,488)	—	(120,488)
Franchise tax expense		(2,100)	—	(2,100)
Loss from operations		<u>(122,588)</u>	<u>—</u>	<u>(122,588)</u>
Interest earned on investments and marketable securities		<u>5</u>	<u>—</u>	<u>5</u>
Loss before income tax		<u>(122,583)</u>	<u>—</u>	<u>(122,583)</u>
Income tax expenses		<u>—</u>	<u>—</u>	<u>—</u>
Loss for the period		<u><u>(122,583)</u></u>	<u><u>—</u></u>	<u><u>(122,583)</u></u>

(b) Line-by-line reconciliations on the balance sheet of LF Capital as at 31 December 2017

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Adjustments US\$	Unaudited Financial Information under HKFRS US\$
ASSETS				
Non-current assets				
Deferred offering costs associated with initial public offering		178,283	—	178,283
		<u>178,283</u>	<u>—</u>	<u>178,283</u>
Current assets				
Cash and cash equivalents		19,538	—	19,538
		<u>19,538</u>	<u>—</u>	<u>19,538</u>
Total assets		<u><u>197,821</u></u>	<u><u>—</u></u>	<u><u>197,821</u></u>
LIABILITIES				
Current Liabilities				
Accounts payable		76,804	—	76,804
Accrued expenses		18,600	—	18,600
Note payable — related parties		200,000	—	200,000
		<u>295,404</u>	<u>—</u>	<u>295,404</u>
Total liabilities		<u>295,404</u>	<u>—</u>	<u>295,404</u>
EQUITY				
Class B common stock		388	—	388
Additional paid-in capital		24,612	—	24,612
Accumulated deficit		(122,583)	—	(122,583)
Total deficit		<u>(97,583)</u>	<u>—</u>	<u>(97,583)</u>
Total liabilities and equity		<u><u>197,821</u></u>	<u><u>—</u></u>	<u><u>197,821</u></u>

(c) Line-by-line reconciliations on the statement of comprehensive income of LF Capital for the year ended 31 December 2018

		Unadjusted Financial Information under U.S. GAAP US\$	Adjustments US\$	Unaudited Financial Information under HKFRS US\$
	<i>Notes</i>			
Administrative expenses	(v)	(586,284)	(3,861,943)	(4,448,227)
Franchise tax expense		<u>(198,617)</u>	<u>—</u>	<u>(198,617)</u>
Loss from operations		<u>(784,901)</u>	<u>(3,861,943)</u>	<u>(4,646,844)</u>
Interest earned on investments and marketable securities		1,688,934	—	1,688,934
Change in fair value of Class A common stock subject to possible redemption	(ii)	—	(2,018,250)	(2,018,250)
Change in fair value of Warrants	(iv)	<u>—</u>	<u>3,983,052</u>	<u>3,983,052</u>
Profit/(loss) before income tax		<u>904,033</u>	<u>(1,897,141)</u>	<u>(993,108)</u>
Income tax expenses		<u>(311,183)</u>	<u>—</u>	<u>(311,183)</u>
Profit/(loss) for the period		<u><u>592,850</u></u>	<u><u>(1,897,141)</u></u>	<u><u>(1,304,291)</u></u>

(d) Line-by-line reconciliations on the balance sheet of LF Capital as at 31 December 2018

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Adjustments US\$	Unaudited Financial Information under HKFRS US\$
ASSETS				
Non-current assets				
Marketable securities held in Trust Account		159,718,098	—	159,718,098
		<u>159,718,098</u>	<u>—</u>	<u>159,718,098</u>
Current assets				
Prepaid expenses		43,214	—	43,214
Cash and cash equivalents		196,804	—	196,804
		<u>240,018</u>	<u>—</u>	<u>240,018</u>
Total assets		<u><u>159,958,116</u></u>	<u><u>—</u></u>	<u><u>159,958,116</u></u>
LIABILITIES				
Non-current Liabilities				
Deferred underwriting commissions	<i>(vi)</i>	5,433,750	(5,433,750)	—
Public warrants	<i>(iii), (iv)</i>	—	6,054,750	6,054,750
Private placement warrants	<i>(iii), (iv)</i>	—	3,155,948	3,155,948
		<u>5,433,750</u>	<u>3,776,948</u>	<u>9,210,698</u>
Current Liabilities				
Accounts payable		108,292	—	108,292
Accrued expenses		6,500	—	6,500
Franchise tax payable		200,000	—	200,000
Class A common stock subject to possible redemption	<i>(i)</i>	—	151,834,500	151,834,500
		<u>314,792</u>	<u>151,834,500</u>	<u>152,149,292</u>
Total liabilities		<u><u>5,748,542</u></u>	<u><u>155,611,448</u></u>	<u><u>161,359,990</u></u>

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Adjustments US\$	Unaudited Financial Information under HKFRS US\$
Commitments				
Commitments of Class A	<i>(i)</i>	<u>149,209,569</u>	<u>(149,209,569)</u>	<u>—</u>
EQUITY				
Class A common stock	<i>(i)</i>	102	(102)	—
Class B common stock		388	—	388
Additional paid-in capital	<i>(iii), (v), (vi)</i>	4,529,248	(4,504,636)	24,612
Retained earnings/(accumulated deficit)		<u>470,267</u>	<u>(1,897,141)</u>	<u>(1,426,874)</u>
Total equity/(deficit)		<u>5,000,005</u>	<u>(6,401,879)</u>	<u>(1,401,874)</u>
Total liabilities and equity		<u>159,958,116</u>	<u>—</u>	<u>159,958,116</u>

(e) Line-by-line reconciliations on the statement of comprehensive income of LF Capital for the year ended 31 December 2019

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Adjustments US\$	Unaudited Financial Information under HKFRS US\$
Administrative expenses		(826,307)	—	(826,307)
Franchise tax expense		(200,000)	—	(200,000)
Loss from operations		<u>(1,026,307)</u>	<u>—</u>	<u>(1,026,307)</u>
Interest earned on investments and marketable securities		3,473,997	—	3,473,997
Change in fair value of Class A common stock subject to possible redemption	<i>(ii)</i>	—	(9,004,500)	(9,004,500)
Change in fair value of Warrants	<i>(iv)</i>	—	(867,484)	(867,484)
Change in fair value of Note payable — related parties	<i>(vii)</i>	—	3,119	3,119
Profit/(loss) before income tax		<u>2,447,690</u>	<u>(9,868,865)</u>	<u>(7,421,175)</u>
Income tax expenses		(675,854)	—	(675,854)
Profit/(loss) for the period		<u><u>1,771,836</u></u>	<u><u>(9,868,865)</u></u>	<u><u>(8,097,029)</u></u>

(f) Line-by-line reconciliations on the balance sheet of LF Capital as at 31 December 2019

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Adjustments US\$	Unaudited Financial Information under HKFRS US\$
ASSETS				
Non-current assets				
Marketable securities held in Trust Account		162,019,909	—	162,019,909
		<u>162,019,909</u>	<u>—</u>	<u>162,019,909</u>
Current assets				
Prepaid expenses		304,077	—	304,077
Cash and cash equivalents		161,405	—	161,405
		<u>465,482</u>	<u>—</u>	<u>465,482</u>
Total assets		<u><u>162,485,391</u></u>	<u><u>—</u></u>	<u><u>162,485,391</u></u>
LIABILITIES				
Non-current Liabilities				
Deferred underwriting commissions	<i>(vi)</i>	5,433,750	(5,433,750)	—
Deferred income tax liabilities		128,105	—	128,105
Public warrants	<i>(iii), (iv)</i>	—	6,986,250	6,986,250
Private placement warrants	<i>(iii), (iv)</i>	—	3,091,932	3,091,932
		<u>5,561,855</u>	<u>4,644,432</u>	<u>10,206,287</u>

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Adjustments US\$	Unaudited Financial Information under HKFRS US\$
Current Liabilities				
Accounts payable		121,516	—	121,516
Accrued expenses		30,610	—	30,610
Franchise tax payable		40,000	—	40,000
Note payable — related parties	<i>(vii)</i>	750,000	(3,119)	746,881
Class A common stock subject to possible redemption	<i>(i)</i>	<u>—</u>	<u>160,839,000</u>	<u>160,839,000</u>
		<u>942,126</u>	<u>160,835,881</u>	<u>161,778,007</u>
Total liabilities		<u>6,503,981</u>	<u>165,480,313</u>	<u>171,984,294</u>
Commitments				
Commitments of Class A	<i>(i)</i>	<u>150,981,401</u>	<u>(150,981,401)</u>	<u>—</u>
EQUITY				
Class A common stock	<i>(i)</i>	106	(106)	—
Class B common stock		388	—	388
Additional paid-in capital	<i>(iii), (v), (vi)</i>	2,757,412	(2,732,800)	24,612
Retained earnings/(accumulated deficit)		<u>2,242,103</u>	<u>(11,766,006)</u>	<u>(9,523,903)</u>
Total equity/(deficit)		<u>5,000,009</u>	<u>(14,498,912)</u>	<u>(9,498,903)</u>
Total liabilities and equity		<u>162,485,391</u>	<u>—</u>	<u>162,485,391</u>

(g) Line-by-line reconciliations on the statement of comprehensive income of LF Capital for the six months ended 30 June 2019

	Unadjusted Financial Information under U.S. GAAP	Adjustments	Unaudited Financial Information under HKFRS
<i>Notes</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Administrative expenses	(432,117)	—	(432,117)
Franchise tax expense	(100,000)	—	(100,000)
Loss from operations	<u>(532,117)</u>	<u>—</u>	<u>(532,117)</u>
Interest earned on investments and marketable securities	1,900,169	—	1,900,169
Change in fair value of Class A common stock subject to possible redemption	(ii) —	(6,210,000)	(6,210,000)
Change in fair value of Warrants	(iv) —	1,401,157	1,401,157
Change in fair value of Note payable — related parties	(vii) —	5,087	5,087
Profit/(loss) before income tax	<u>1,368,052</u>	<u>(4,803,756)</u>	<u>(3,435,704)</u>
Income tax expenses	(378,599)	—	(378,599)
Profit/(loss) for the period	<u><u>989,453</u></u>	<u><u>(4,803,756)</u></u>	<u><u>(3,814,303)</u></u>

(h) Line-by-line reconciliations on the statement of comprehensive income of LF Capital for the six months ended 30 June 2020

	Unadjusted Financial Information under U.S. GAAP	Adjustments	Unaudited Financial Information under HKFRS
<i>Notes</i>	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Administrative expenses	(644,577)	—	(644,577)
Franchise tax expense	(100,050)	—	(100,050)
Loss from operations	<u>(744,627)</u>	<u>—</u>	<u>(744,627)</u>
Interest earned on investments and marketable securities	683,974	—	683,974
Change in fair value of Class A common stock subject to possible redemption	(ii) —	(4,785,192)	(4,785,192)
Change in fair value of Warrants	(iv) —	(9,405,068)	(9,405,068)
Change in fair value of Note payable — related parties	(vii) —	(76,378)	(76,378)
Loss before income tax	<u>(60,653)</u>	<u>(14,266,638)</u>	<u>(14,327,291)</u>
Income tax expenses	(139,276)	—	(139,276)
Loss for the period	<u>(199,929)</u>	<u>(14,266,638)</u>	<u>(14,466,567)</u>

(i) Line-by-line reconciliations on the balance sheet of LF Capital as at 30 June 2020

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Reclassification Adjustments US\$	Unaudited Financial Information under HKFRS US\$
ASSETS				
Non-current assets				
Marketable securities held in Trust Account		141,249,220	—	141,249,220
		<u>141,249,220</u>	<u>—</u>	<u>141,249,220</u>
Current assets				
Prepaid expenses		47,937	—	47,937
Cash and cash equivalents		158,966	—	158,966
		<u>206,903</u>	<u>—</u>	<u>206,903</u>
Total assets		<u><u>141,456,123</u></u>	<u><u>—</u></u>	<u><u>141,456,123</u></u>
LIABILITIES				
Non-current Liabilities				
Deferred underwriting commissions	<i>(vi)</i>	5,433,750	(5,433,750)	—
		<u>5,433,750</u>	<u>(5,433,750)</u>	<u>—</u>
Current Liabilities				
Accounts payable		451,652	—	451,652
Accrued expenses		16,000	—	16,000
Franchise tax payable		20,050	—	20,050
Note payable — related parties	<i>(vii)</i>	1,500,000	73,259	1,573,259
Income tax payable		122,229	—	122,229
Class A common stock subject to possible redemption	<i>(i)</i>	—	143,755,153	143,755,153
Public warrants	<i>(iii), (iv)</i>	—	13,972,500	13,972,500
Private placement warrants	<i>(iii), (iv)</i>	—	5,510,750	5,510,750
		<u>2,109,931</u>	<u>163,311,662</u>	<u>165,421,593</u>

	<i>Notes</i>	Unadjusted Financial Information under U.S. GAAP US\$	Reclassification Adjustments US\$	Unaudited Financial Information under HKFRS US\$
Total liabilities		<u>7,543,681</u>	<u>157,877,912</u>	<u>165,421,593</u>
Commitments				
Commitments of Class A	<i>(i)</i>	<u>128,912,433</u>	<u>(128,912,433)</u>	<u>—</u>
EQUITY				
Class A common stock	<i>(i)</i>	117	(117)	—
Class B common stock		388	—	388
Additional paid-in capital	<i>(iii), (v), (vi)</i>	2,957,330	(2,932,718)	24,612
Retained earnings/(accumulated deficit)		<u>2,042,174</u>	<u>(26,032,644)</u>	<u>(23,990,470)</u>
Total equity/(deficit)		<u>5,000,009</u>	<u>(28,965,479)</u>	<u>(23,965,470)</u>
Total liabilities and equity		<u>141,456,123</u>	<u>—</u>	<u>141,456,123</u>

Note: The following reclassifications and adjustments are recorded to align the classifications and thereafter, measurement, of the respective amounts of the relevant financial line items shown in the statements of operations and the balance sheets of LF Capital to those of the statements of comprehensive income and the balance sheets of the Group:

- (i) Reclassifications of LF Capital's "Class A common stock subject to possible redemption" from temporary equity and permanent equity per LF Capital's accounting policies to financial liabilities of the Group;
- (ii) Adjustments to recognize change in fair value of Class A common stock subject to possible redemption from recognition directly in equity per LF Capital's accounting policies to recognition in the profit or loss;
- (iii) Reclassifications of LF Capital's Warrants from equity per LF Capital's accounting policies to financial liabilities of the Group;
- (iv) Adjustments to recognize change in fair value of warrants against the profit or loss as LF Capital recognized the change in fair value of the warrants in equity;
- (v) Adjustments to recognize transaction costs directly attributable to LF Capital's issuance of Class A common stock subject to possible redemption from equity per LF Capital's accounting policies to recognition against the profit or loss;
- (vi) Derecognition adjustments of deferred underwriting commissions recognized per LF Capital's accounting policies as there is no contractual or legal obligation for the Group to pay these commissions as of the respective period ends in accordance with the Company's accounting policy; and

- (vii) LF Capital classified the Note payable — related parties as liability and its derivative conversion option as equity. However, in accordance with HKAS 32 “Financial instrument: Presentation”, the derivative conversion right is not an equity instrument and its changes in fair value should be recognized in profit or loss.

Other than the reclassifications and adjustments set out in the Reconciliation Information above, there are no material differences between the statements of operations and the balance sheets of LF Capital for the Relevant Periods compared to such financial statements had they been prepared applying the accounting policies presently adopted by the Group.

IV. BASIS OF PREPARATION

The Reconciliation Information for the Relevant Periods, was prepared by making adjustments to the “Unadjusted Financial Information under U.S. GAAP” of LF Capital as if it had been prepared in accordance with the accounting policies presently adopted by the Group for the Relevant Periods.

V. RECONCILIATION PROCESS

The Reconciliation Information has been prepared by the Directors by comparing the accounting policies adopted by LF Capital for the preparation of the LF Capital financial statements for the Relevant Periods and the accounting policies adopted by the Group which are in compliance with HKFRS, and quantifying the relevant material financial effects of such differences. Your attention is drawn to the fact that the Reconciliation Information above has not been subject to an independent audit.

PricewaterhouseCoopers Hong Kong (“**PwC Hong Kong**”) was engaged by the Company to report on the Reconciliation Information in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” (“**HKSAE 3000**”) issued by the HKICPA on the Reconciliation Information. The work consisted primarily of:

- (i) comparing the “Unadjusted Financial Information under U.S. GAAP” of the Reconciliation Information above with the audited financial statements for the period/years ended 31 December 2017, 2018 and 2019 and the unaudited interim condensed financial statements for the six months ended 30 June 2020 of LF Capital, as set out in Appendix II of the Circular;
- (ii) assessing the appropriateness of the adjustments made in arriving at the “Unaudited Financial Information under HKFRS” of the Reconciliation Information, which included identifying the differences between the accounting policies adopted by LF Capital and the accounting policies adopted by the Group for the period/years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020, as set out in Appendix II and Appendix I of the Circular respectively; and obtaining evidence supporting the adjustments made in arriving at the “Unaudited Financial Information under HKFRS”; and

- (iii) checking the arithmetic accuracy of the computation of the “Unaudited Financial Information under HKFRS” of the Reconciliation Information.

For the purposes of the engagement on the Reconciliation Information, PwC Hong Kong is not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Reconciliation Information, nor has PwC Hong Kong, in the course of the engagement, performed an audit or review of the financial information used in compiling the Reconciliation Information. The work carried out in accordance with HKSAE 3000 is different in scope from an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, PwC Hong Kong did not express an audit opinion nor a review conclusion on the Reconciliation Information.

Accordingly, no opinion is expressed by an auditor on whether it presents a true and fair view of LF Capital’s financial positions as at 31 December 2017, 2018 and 2019 and 30 June 2020, nor its results for the period/years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2019 and 2020 under the accounting policies presently adopted by the Group.

PwC Hong Kong’s engagement was intended solely for the use of the Directors in connection with this circular and may not be suitable for another purpose. Based on the work performed, PwC Hong Kong has concluded that:

- (a) the “Unadjusted Financial Information under U.S. GAAP” of the Reconciliation Information is in agreement with the audited financial statements of LF Capital for the period/years ended 31 December 2017, 2018 and 2019 and the unaudited interim condensed financial statements of LF Capital for the six months ended 30 June 2020, as set out in Appendix II of the Circular;
- (b) the adjustments made in arriving at the “Unaudited Financial Information under HKFRS” of the Reconciliation Information reflect, in all material respects, the differences between the accounting policies adopted by LF Capital and the accounting policies adopted by the Group for the period/years ended 31 December 2017, 2018 and 2019 and for the six months ended 30 June 2019 and 2020, as set out in Appendix II and Appendix I of the Circular respectively; and
- (c) the computation of the “Unaudited Financial Information under HKFRS” of the Reconciliation Information above is arithmetically accurate.

Set out below is the management discussion and analysis of LF Capital Acquisition Corp. (the “**Company**”) for each of the financial years ended 31 December 2017, 2018, 2019 and the six month period ended 30 June 2020. The following discussion and analysis should be read in conjunction with the accountants’ report of the Company as set out in Appendix II to this circular. Certain numerical figures included in this management discussion and analysis of the Company have been rounded. Therefore, discrepancies in tables between totals and the sums of the amounts listed may occur due to such rounding.

BUSINESS REVIEW

The Company is a blank check company incorporated in the state of Delaware on 29 June 2017. The Company was formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses that the Company has not yet identified (“**Business Combination**”).

FINANCIAL REVIEW

Profit & loss for the year

The Company recorded net loss of approximately US\$123,000 for the financial year ended 31 December 2017, net profit of US\$593,000 and US\$1,772,000 respectively for the two financial years ended 31 December 2018 and 2019, and net loss of approximately US\$200,000 for the period ended 30 June 2020.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Liquidity

As at 31 December 2017, current assets and current liabilities of the Company amounted to approximately US\$20,000 and US\$295,000, respectively.

As at 31 December 2018, current assets and current liabilities of the Company amounted to approximately US\$240,000 and US\$315,000, respectively.

As at 31 December 2019, current assets and current liabilities of the Company amounted to approximately US\$465,000 and US\$942,000, respectively.

As at 30 June 2020, current assets and current liabilities of the Company amounted to approximately US\$207,000 and US\$2,110,000, respectively.

Financial resources

As at 31 December 2017, the Company had total cash and bank balances of approximately US\$20,000 and deferred offering costs associated with initial public offering of approximately US\$178,000.

As at 31 December 2018, the Company had total cash and bank balances of approximately US\$197,000 and marketable securities held in trust account of approximately US\$159,718,000.

As at 31 December 2019, the Company had total cash and bank balances of approximately US\$161,000 and marketable securities held in trust account of approximately US\$162,020,000.

As at 30 June 2020, the Company had total cash and bank balances of approximately US\$159,000 and marketable securities held in trust account of approximately US\$141,249,000.

Gearing

As at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020, the gearing ratio of the Company was approximately -1.85, -0.04, 0.12 and 0.27 respectively, which is computed as net debt (defined as total borrowings less cash and bank balance) divided by total equity.

Capital structure

As at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020, the total equity of the Company was approximately US\$-98,000, US\$5,000,000, US\$5,000,000 and US\$5,000,000 respectively.

SIGNIFICANT INVESTMENTS

As at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020, there was no significant investment held by the Company and no investment in any investee company with value of 5% or more of the total asset.

MATERIAL ACQUISITION AND DISPOSALS

For the financial years ended 31 December 2017, 2018, 2019 and the period ended 30 June 2020, the Company did not conduct any material acquisition or disposal of subsidiaries. Save for the proposed Merger, LF Capital did not have any other plan for material investment or capital assets during the period.

FOREIGN EXCHANGE EXPOSURE

For the financial years ended 31 December 2017, 2018, 2019 and the period ended 30 June 2020, there was no foreign exchange exposure held by the Company.

CHARGES ON ASSETS

As at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020, the Company did not have any charges on assets.

CONTINGENT LIABILITIES

As at 30 June 2020, the Company had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2020, the Company had 2 employees, a Chief Executive Officer and a Chief Financial Officer. The Company does not offer any benefits or wages to its employees. For the financial years ended 31 December 2017, 2018, 2019 and 30 June 2020, the Company's staff costs were zero for all periods.

The following is an illustrative unaudited pro forma statement of assets and liabilities of the Group (the “**Unaudited Pro Forma Financial Information**”) which have been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the proposed acquisition of the issued share capital of LF Capital in consideration of the entire issued share capital of Landsea Homes Incorporated as defined in the Circular (the “**Merger**”) as if it had taken place on 30 June 2020.

The Unaudited Pro Forma Financial Information has been prepared on the basis of the notes below based on a number of assumptions, estimates, uncertainties and currently available information. Accordingly, the Unaudited Pro Forma Financial Information does not purport to describe the actual financial position of the Group that would have been attained had the Merger actually occurred on the dates indicated herein. Neither does the Unaudited Pro Forma Financial Information purports to predict the future financial position of the Group.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Merger been completed on 30 June 2020 where applicable, or at any future dates. The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the other financial information included elsewhere in the Circular.

For the purpose of the Unaudited Pro Forma Financial Information, the financial impact on the related transactions of the Merger have been derived by the Directors on the following assumptions:

- (i) no additional shares of the outstanding Class A Stock as of 30 June 2020 are redeemed by the public stockholders as if the Merger had taken place on 30 June 2020; and
- (ii) all outstanding Warrants have not been exercised and the terms of the Warrant Amendment have been approved pursuant to the Warrant Holder Approval, and consequently there would be additional payment of US\$1.85 per public warrant made by LF Capital to the warrant holders following the consummation of the Merger.

Other assumptions and estimates underlying the unaudited pro forma adjustments set forth in the Unaudited Pro Forma Financial Information are described in the accompanying notes.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP

	The Group as at 30 June 2020							Unaudited pro forma statement of assets and liabilities of the Group as at 30 June 2020	
	RMB'000							RMB'000	
	Note 1	Note 2(a)	Note 2(c)	Pro forma adjustments				Note 2(h)	Note 2(h)
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS									
Non-current assets									
Investment property	897,000	—	—	—	—	—	—	—	897,000
Property, plant and equipment	258,249	—	—	—	—	—	—	—	258,249
Right-of-use assets	51,964	—	—	—	—	—	—	—	51,964
Interests in associates	2,218,182	—	—	—	—	—	—	—	2,218,182
Interests in joint ventures	2,335,465	—	—	—	—	—	—	—	2,335,465
Trade and other receivables, prepayments and deposits	1,945,019	—	—	—	—	—	—	—	1,945,019
Financial assets at fair value through profit or loss	—	999,974	(999,974)	—	—	—	—	—	—
Deferred income tax assets	489,226	—	—	—	—	—	—	—	489,226
Goodwill	146,593	—	—	—	—	—	—	—	146,593
	<u>8,341,698</u>	<u>999,974</u>	<u>(999,974)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,341,698</u>
Current assets									
Properties held for sale	1,136,925	—	—	—	—	—	—	—	1,136,925
Properties under development	7,413,205	—	—	—	—	—	—	—	7,413,205
Inventories	52,134	—	—	—	—	—	—	—	52,134
Contract assets	313,360	—	—	—	—	—	—	—	313,360
Trade and other receivables, prepayments and deposits	4,540,264	339	—	(11,122)	—	—	—	—	4,529,481
Restricted cash	91,631	—	—	—	—	—	—	—	91,631
Cash and cash equivalents	3,808,425	1,125	999,974	(124,429)	(10,619)	(19,794)	(531)	(203,332)	4,450,819
	<u>17,355,944</u>	<u>1,464</u>	<u>999,974</u>	<u>(135,551)</u>	<u>(10,619)</u>	<u>(19,794)</u>	<u>(531)</u>	<u>(203,332)</u>	<u>17,987,555</u>
Total assets	<u><u>25,697,642</u></u>	<u><u>1,001,438</u></u>	<u><u>—</u></u>	<u><u>(135,551)</u></u>	<u><u>(10,619)</u></u>	<u><u>(19,794)</u></u>	<u><u>(531)</u></u>	<u><u>(203,332)</u></u>	<u><u>26,329,253</u></u>

APPENDIX IV

UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP AFTER COMPLETION OF THE MERGER

	The Group							Unaudited	
	as at							pro forma	
	30 June 2020							statement of	
	Pro forma adjustments							assets and	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	liabilities of
	Note 1	Note 2(a)	Note 2(b)	Note 2(d)	Note 2(e)	Note 2(f)	Note 2(i)	Note 2(j)	the Group
									as at
									30 June 2020
									RMB'000
LIABILITIES									
Non-current liabilities									
Trade and other payables	2,212,894	—	—	—	—	—	—	—	2,212,894
Advanced proceeds received from customers	27,112	—	—	—	—	—	—	—	27,112
Lease liabilities	38,102	—	—	—	—	—	—	—	38,102
Borrowings	6,185,632	—	—	—	—	—	—	—	6,185,632
Deferred income tax liabilities	205,928	—	—	—	—	—	—	—	205,928
	<u>8,669,668</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>8,669,668</u>
Current liabilities									
Trade and other payables	7,401,698	3,453	—	(2,761)	—	(11,256)	—	—	7,391,134
Convertible note — related parties	—	11,138	(519)	—	(10,619)	—	—	—	—
Advanced from lessees	2,692	—	—	—	—	—	—	—	2,692
Class A common stock subject to possible redemption	—	1,017,715	—	—	—	—	—	(1,017,715)	—
Public warrants	—	98,918	(75,315)	—	—	—	—	—	23,603
Private placement warrants	—	39,013	64,188	—	—	—	(59,314)	—	43,887
Contract liabilities	2,351,629	—	—	—	—	—	—	—	2,351,629
Lease liabilities	18,581	—	—	—	—	—	—	—	18,581
Borrowings	1,212,867	—	—	—	—	—	—	—	1,212,867
Current income tax liabilities	554,744	865	—	—	—	—	—	—	555,609
	<u>11,542,211</u>	<u>1,171,102</u>	<u>(11,646)</u>	<u>(2,761)</u>	<u>(10,619)</u>	<u>(11,256)</u>	<u>(59,314)</u>	<u>(1,017,715)</u>	<u>11,600,002</u>
Total liabilities	<u>20,211,879</u>	<u>1,171,102</u>	<u>(11,646)</u>	<u>(2,761)</u>	<u>(10,619)</u>	<u>(11,256)</u>	<u>(59,314)</u>	<u>(1,017,715)</u>	<u>20,269,670</u>

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The figures are extracted from the unaudited consolidated balance sheet of the Group as at 30 June 2020, as set out in the published interim report of the Company for the six months ended 30 June 2020.
2. The following pro forma adjustments have been made to the unaudited pro forma financial information assuming the Merger had taken place on 30 June 2020:
 - (a) The adjustment represents the inclusion of assets and liabilities of LF Capital. The amounts have been extracted from the Unaudited Financial Information under HKFRS of LF Capital as at 30 June 2020 as set out in pages II-91 to this Circular, with the closing exchange rate of USD1: RMB7.0795.
 - (b) The Merger and Proposed Spin-off does not constitute a business combination under HKFRS 3 Business Combinations and will be accounted for in the Group's consolidated financial statements as a continuation of the financial statements of Landsea Homes, together with a deemed issue of shares by Landsea Homes for the acquisition of LF Capital.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have estimated the fair value of the identifiable assets and liabilities of LF Capital as at 30 June 2020 and the listing expenses to be recognised as followed:

	<i>Note</i>	<i>RMB'000</i>
Adjusted Merger Consideration	2(b)(i)	1,257,629
Contingent consideration	2(b)(iii)	<u>13,256</u>
		<u>1,270,885</u>
Carrying amount of net assets of LF Capital under HKFRS	2(a)	(169,664)
Fair value adjustments on:		
— Note payable — related parties	2(b)(ii)	519
— Public Warrants	2(b)(ii)	75,315
— Private Placement Warrants	2(b)(ii)	(64,188)
Other adjustments arising from related transactions in the Pro Forma Financial Information which would affect the net assets:		
Add: Reclassification of Common Stock A subject to redemption to equity upon the Merger	2(k)	1,017,715
Add: Sponsor's Forfeiture and Sponsor's Transfer of Private Placement Warrants	2(j)	59,314
Less: Cash payment due to Warrant Amendment Approval	2(h)	<u>(203,332)</u>
Total fair value of identifiable net assets after the above adjustments		<u>715,679</u>
Difference between the Adjusted Merger Consideration and the fair value of net identifiable assets of LF Capital	2(b)(iv)	<u><u>555,206</u></u>

- (i) The Adjusted Merger Consideration represents the additional deemed issue of shares by Landsea Homes which its equity value at Merger is US\$368 million in order to acquire 67.44% ownership of LF Capital.
- (ii) The adjustments on the fair values of the convertible note, public warrants and private placement warrants represent the changes on the valuation assumptions as if the Merger had occurred on 30 June 2020. The fair values of the above financial instruments of LF Capital as at 30 June 2020 were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL").

- (iii) The adjustment represents the recognition of contingent consideration at fair value of RMB13,256,000 immediately upon the Merger. Pursuant to the Sponsor Surrender Agreement, both LHC and LF Capital agree to forfeit up to 500,000 additional shares of LF Common Stock post-Merger contingent upon the valuation of the LF Common Stock reaching certain thresholds during the twenty-four month period following the closing of the Merger. The fair value of the contingent consideration as at 30 June 2020 was valued by JLL with using Monte Carlo Simulation approach and reference to a probability of thresholds triggering of 35%.
- (iv) The difference between the fair value of the shares that are deemed to have been issued by Landsea Homes and the fair value of the net assets of LF Capital assuming the Merger had taken place on 30 June 2020 would be expensed in profit or loss as listing expense as LF Capital's listing status does not qualify for recognition as an asset.
- (c) The adjustment represents the release of the marketable securities held in LF Capital's trust account to cash and cash equivalents to liquidate these investments and make the funds available for general use by the Company consequential to the Merger.
- (d) The adjustment represents the estimated legal fees, professional fee and other transaction costs to be incurred by Landsea Homes and LF capital of approximately RMB132,790,000 directly attributable to the Merger Agreement, of that (i) RMB11,122,000 has been prepaid and accounted for as prepayment as at 30 June 2020; and (ii) legal and professional fees incurred and accrued by LF Capital as of 30 June 2020 amounted to RMB2,761,000. The adjustment is not expected to have a continuing effect on the Group.
- (e) The adjustment represents the cash repayment of the Company's \$1.5 million Convertible Note to the Sponsor at the closing of the Merger. The Sponsor waived its rights to convert the note to warrants of the post-Merger entity at a price of \$1.00 per warrant in the Sponsor Surrender Agreement.
- (f) Historically, Landsea Homes has issued phantom stock award plan to its executives and is scheduled to vest from 2020 to 2023. Because of the Merger, the phantom stock awards will be accelerated and settled. The adjustment reflects the cash payment for RMB19,794,000, the settlement of the accrued liability of RMB11,256,000 and the equity-based settlement recognised as reserve of RMB12,778,000 as at 30 June 2020 and compensation expenses of RMB21,316,000 for the six months ended 30 June 2020 to reflect the acceleration of vesting of certain Landsea Homes' phantom stock awards. Existing employment agreements with certain Landsea Homes' executives contained a provision for accelerating vesting of phantom stock awards triggered by the Merger.
- (g) The adjustment reflects the cash payment of the success fee to LF Capital Board Member, Mr. Prot, for the closing of Merger in the 2020 fiscal year.
- (h) The adjustment represents the cash payment to the holders of the public warrants and the fair value change of the public warrants related to the Warrant Amendment. The Warrant Amendment provides for cash consideration of \$1.85 per public warrant, and that each outstanding public warrant will become redeemable for 1/10th of a share of Company Class A Stock for an exercise price of \$1.15, amending the previous terms of a public warrant being redeemable for 1 share of Company Class A Stock for an exercise price of \$11.50. The Warrant Amendment is subject to at least 65% of the public warrant holders' approval.
- (i) The adjustment represents the Sponsor's Forfeiture of 2,260,000 Private Placement Warrants of RMB30,056,000 and Sponsor's Transfer of 2,200,000 Private Placement Warrants to LHC of RMB 29,258,000.
- (j) The adjustment represents the pro forma adjustment to reclassify all Class A common stock subject to redemption to stockholders' equity to reflect that the redemption rights will no longer exist following the closing of the Merger.

For the purpose of the Unaudited Pro Forma Financial Information as above, the Directors assumed no additional shares of the outstanding Class A Common Stock as of 30 June 2020 would have been redeemed as if the Merger had taken place on 30 June 2020. However, from 30 June 2020 to the Latest Practical Date, there were 1,215,698 shares of Class A Common Stock redeemed in accordance with the certificate of incorporation and accordingly LF Capital has paid US\$12,777,000 (approximately RMB90,455,000) to the public stockholders. If presented on that basis of considering the effect of the subsequent redemption, the pro forma total assets of the Group would be reduced by RMB90,455,000 to RMB26,238,798,000.

3. Apart from above, no adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2020.
4. Since the fair values of Landsea Homes and the identifiable net assets of LF capital at Completion may substantially be different from the fair values used in the preparation of the Unaudited Pro Forma Financial Information, the final amount of the listing expenses and the identifiable net assets of LF Capital to be recognised in connection with the Merger may be different from the amounts presented above and the differences could be significant.

**REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE
ENLARGED GROUP**

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.



羅兵咸永道

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of Landsea Green Properties Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Landsea Green Properties Co., Ltd. (the "Company") and its subsidiaries (collectively the "Group") and LF Capital Acquisition Corp. (the "Target Company") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2020 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages IV-1 to IV-6 of the Company's circular dated 21 December 2020, in connection with the proposed acquisition of the Target Company (the "Merger") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-6 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Merger on the Group's financial position as at 30 June 2020 as if the Merger had taken place at 30 June 2020. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's interim condensed consolidated financial statements for the period ended 30 June 2020, on which a review conclusion has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Merger at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 21 December 2020

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 October 2020 of the selected property interests held by Landsea Homes Group.



Jones Lang LaSalle Corporate Appraisal and Advisory Limited
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tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

The Board of Directors
Landsea Green Properties Co. Ltd.
Room 5103, 51st Floor, The Center
99 Queen's Road Central
Hong Kong

21 December 2020

Dear Sirs,

Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**” or “**we**”) is instructed by Landsea Green Properties Co. Ltd. (the “**Company**”) to provide valuation service on the selected properties in which Landsea Homes and its subsidiaries (hereinafter together referred to as the “**Landsea Homes Group**”) have interests in the United States of America (the “**US**”) for disclosure purpose.

According to the information provided by Landsea Homes, as at the Latest Practicable Date, Landsea Homes has a total of 57 consolidated property projects (excluding the Urban Development Project) with an aggregate GFA of 1,523,455 square meters, as well as 1 property project held through a joint venture in which Landsea Homes has invested in with an aggregate GFA of 31,776 square meters. There are 36 property projects located in Arizona, 20 property projects located in California and 2 property projects located in New York. All the property projects are currently held as inventory and to be developed for sales in the financial statements of Landsea Homes. All property projects are developed and/or developed into residential projects with selling area ranging from 64 square meters to 344 square meters.

According to Landsea Homes, for those properties held by Landsea Homes as at 31 October 2020 and has not been disclosed and valued in our valuation report, their book values are less than 1% of the Company's total asset as at 30 June 2020 and the total book value of such properties is less than 10% of the Company's total assets as at 30 June 2020. Accordingly, such properties are excluded from the scope of valuation pursuant to 5.02A(5) of the Listing Rules.

We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 October 2020 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

In valuing the property interests, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by Landsea Homes Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by Landsea Homes Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Company and Landsea Homes Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including Approved Tract Map, Site Development Permits, Design Approvals and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the US and any material encumbrance that might be attached to the property interests or any tenancy amendment.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company and Landsea Homes Group. We have also sought confirmation from the Company and Landsea Homes Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

Due to the unfavourable effect of the novel coronavirus and certain restrictions on travelling in the US, site inspection of all properties have not been arranged. As an alternative procedure, we have sought the assistance from the Company's employees in the locations of each property in September 2020, and Video Record or Live Broadcast of those properties were taken to our experienced valuers Max Kreuz and Joseph Miller in the US so that we could understand the conditions of the properties. Mr. Miller is a Certified Appraiser in over 31 state in the US with 11 years valuation experience and Mr. Kreuz has 3 years valuation experience in the US. Our inspections of the valuation of the properties have been based on the above alternative procedure. In the course of conducting the alternative procedure to onsite inspections, we not only trained the Company's employees by video call, telephones and emails, but also analysed the information provided by them, information that is available through general searches on the internet and our existing databases to ensure that we had a sufficient understanding on the situations of the properties. Such alternative procedure is compliant with HKIS Valuation Standard 2017, VS.7.1.5 and VS.7.1.8, and we are of the view that the alternative procedure does not have any material impact on our valuations of the Company's properties. We have tried to have a comprehensive understanding on the situations of the properties, although there may still be omissions or incompleteness in the above alternative procedures. Such omissions or incompleteness may arise from the lack of onsite inspections include, for example, as to the exact physical properties of the land and fixtures thereon and (if any) their loss of utility due to physical deterioration resulting from age and usage. However, based on the alternative procedures already adopted, we do not expect such discrepancies to be material in nature.

We have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our online-inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Unless otherwise stated, all monetary figures stated in this report are in United States Dollar (US\$). Where necessary, the exchange rates adopted in our valuation are approximately US\$1 = HK\$7.75, being the prevailing exchange rate as at the valuation date.

We are instructed to provide our opinion of value as per the valuation date only. It is based on economic, market and other conditions as they exist on, and information made available to us as of, the valuation date and we assume no obligation to update or otherwise revise these materials for events in the time since then. In particular, the outbreak of the Novel Coronavirus (COVID-19) since declared Global Pandemic on the 11th March 2020 has caused much disruption to economic activities around the world. This disruption has increased the risk associated with the achievability of rental/income projections/assumptions. It may also have a negative impact on investment sentiment, and hence any form of required rate of return as well as liquidity of any asset. As of the report date, the economy of the US is experiencing gradual recovery and it is anticipated that disruption to business activities will steadily reduce. We also note that market activity and market sentiment in this particular market sector remains stable. However, we remain cautious due to uncertainty for the pace of global economic recovery in the midst of the outbreak which may have future impact on the real estate market. Therefore, we recommend that it has to keep valuation of the properties under frequent review.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Gilbert C.H. Chan
MRICS MHKIS RPS (GP)
Senior Director

Note: Gilbert C. H. Chan is a Chartered Surveyor who has 27 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the US.

SUMMARY OF VALUES

Property interests held under development by Landsea Homes Group in the United States

No.	Property	Market value in existing state as at the valuation date US\$
1.	Catalina Residences 1320 Civic Center Drive E1 Camino Real and Civic Center Drive Santa Clara California The US	53,650,000
2.	Forena Condominiums 540 Sixth Avenue New York City New York The US	89,960,000
3.	Skylark Sanctuary Village 39514 South Darner Drive Newark California The US	25,190,000
4.	Tevelde at Ontario Ranch Residences Eucalyptus Avenue and Archibald Avenue Ontario California The US	41,120,000
5.	IronRidge Master Planned Community 1401 Viejo Ridge Drive Lake Forest California The US	109,610,000
	Total:	<u>319,530,000</u>

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date US\$
1	Catalina Residences 1320 Civic Center Drive El Camino Real and Civic Center Drive Santa Clara California The US	<p>Project Catalina is located in Santa Clara County in the City of Santa Clara at the northwest corner of El Camino Real and Monroe Street, and is about two miles south of the Bayshore 101 and one mile northwest of the Nimitz 880 Freeway. It is conveniently located close to the Santa Clara Town Center, which includes commercial shops and restaurants. The site is fairly centrally located in Silicon Valley in Santa Clara, which is close to the San Jose Mineta Airport.</p> <p>The total site area for the entire Project Catalina is 3.97 acres or 173,006 square feet. As advised by Landsea Homes Group, the property is a portion of Project Catalina which comprises site area of approximately 116,557.41 square feet and will be developed into a residential development with 63 residential townhome units ranging from 1,620 to 1,972 square feet of house floor area. The property is expected to be completed in February 2022. Upon completion, the property will contain approximately 111,441 square feet of house floor area.</p> <p>As advised by Landsea Homes Group, the total outstanding construction cost of the property is approximately US\$13,600,000, and approximately US\$18,000,000 construction cost had been paid up to the valuation date.</p> <p>The property is held under freehold interest.</p>	The property was under construction as at the valuation date.	\$53,650,000 (equivalent to HK\$415,787,500)

Notes:

1. According to information provided by Landsea Homes Group, the owner of the property is LS — Santa Clara LLC. (“**Santa Clara**”, a 100% owned subsidiary of Landsea Homes).
2. The property site is currently zoned for planned development and medium density multiple dwelling uses.

3. A summary of critical permits and approvals associated with the rights to develop the property is as below:
 - Environmental Assessment Catalina Phase 2
 - Catalina I & II Site Plan
 - XB — Construction Phasing
 - Environmental Cleanup — NFA
4. As advised by Landsea Homes Group, 19 residential townhome units with a total house floor area of approximately 33,540 square feet have been pre-sold to various third parties at a total consideration of US\$20,834,043. Transaction of such portions of the property have not been closed as at valuation date and therefore we have included the units in our valuation.
5. The market value of the property as if completed as at the valuation date was estimated to be US\$81,900,000.
6. We have identified and analyzed various relevant sale evidences of residential units in the locality which have similar characteristics of the property such as layout, size and condition. The selected comparables are located in the subject's market area and were transacted between August 2020 and November 2020. The unit rate for the comparable properties were between US\$615 and US\$772 per square foot. After appropriate adjustments and analysis for the differences in location, size, time and quality/condition between the comparables and the property, the concluded unit rate for the subject property is US\$734 per square foot.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date US\$
2	Forena Condominiums 540 Sixth Avenue New York City New York The US	<p>Project Forena is located in the Flatiron submarket in Midtown South and is conveniently within a diverse area of Manhattan containing office, retail, hotel and cultural attractions. In recent years, the Flatiron District has become a popular location for multifamily residences in New York City. The neighborhood is part of Manhattan Community District 5. Project Forena has above average access to mass transportation and is considered a desirable residential commercial location.</p> <p>As advised by Landsea Homes Group, the property comprises whole Project Forena which has a total site area of approximately 0.19 acres or 8,407 square feet and will be developed into a 11-story mid-rise residential and commercial complex with condominium units ranging from 654 to 2,050 square feet. The property is expected to be completed in August 2021. Upon completion, the property will contain approximately 81,267 square feet of gross floor area. Details of the gross floor area are set out in note 4.</p> <p>As advised by Landsea Homes Group, the total outstanding construction cost of property is approximately US\$38,730,000, and approximately US\$16,820,000 construction cost had been paid up to the valuation date.</p> <p>The property is held under freehold interest.</p>	The property was under construction as at the valuation date.	<p>\$89,960,000 (equivalent to HK\$697,190,000) (interest attributable to Landsea Homes Group (96%): \$86,361,600 (equivalent to HK\$669,302,400))</p>

Notes:

1. According to information (Document No. 2018000308511 dated 12 February 2018 with a consideration of US\$52,750,000) provided by Landsea Homes Group, the owner of the property is LS — 14 AVE LLC. (“LS — 14 AVE LLC”, a 96% owned subsidiary of Landsea Homes).
2. The subject site is zoned in the contextual general central commercial zoning district which allows for residential and commercial uses.

3. A summary of critical permits and approvals associated with the rights to develop the property is as below:
- 540 6th Avenue Structural Drawings
 - Approved SP-SD Plans
 - Approved SOE Drawings

4. According to the development scheme provided by the owner of the property, upon completion, the development will have a total floor area of 81,267 square feet and the details are set out as followings:

	Floor area <i>(sq.ft)</i>
Residential	53,127
Retail	11,500
Common Area	<u>16,640</u>
Total	<u>81,267</u>

5. According to information of a copy of Agreement for Purchase and Sale of 12 September 2018 provided by Landsea Homes Group, retail portion of the property with floor area of approximately 11,500 square feet was sold by LS-14 AVE LLC to EXRP 14 HOLDINGS LLC in a consideration of US\$28,000,000. The closing of the transactions contemplated hereby shall occur at 10:00 am, New York City time, on the date which is the earlier to occur of (i) 12 March 2022 and (ii) ten days after the issuance of a temporary certificate of occupancy for the retail option.
6. The market value of the property as if completed as at the valuation date was estimated to be US\$158,000,000.
7. We have identified and analyzed various relevant sale evidences of residential units and retail-commercial condominiums in the locality which have similar characteristics of the property such as layout, size and condition. The selected comparables are located in the subject's market area and were transacted between September 2019 and November 2020. The unit rate for the comparable properties of residential units were between US\$1,860 and US\$2,747 per square foot whilst comparable properties of retail-commercial condominiums were between US\$2,295 and US\$3,561 per square foot. After appropriate adjustments and analysis for the differences in location, size, time and quality/condition between the comparables and the property, the concluded unit rate for residential units and retail-commercial condominiums are US\$2,489 per square foot and US\$2,434 per square foot respectively.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date US\$
3	Skylark at Sanctuary Village 39514 South Darner Drive Newark California The US	<p>Project Skylark is located in the southeastern Newark, which provides easy access to the greater San Jose area, and has also access to southern San Mateo County communities such as Palo Alto and Redwood City via the Dumbarton Bridge. It has good accessibility to Interstate 880 which provides easy access to the greater San Jose and Oakland Area. The target market for the subject is younger families along with some dual-income professionals. The vast majority of homeowners in the area will commute south to Silicon Valley and to the Peninsula area.</p> <p>The total site area for the entire Project Skylark is 13.52 acres or 588,931 square feet. As advised by Landsea Homes Group, the property is portion of Project Skylark which has a total site area of approximately 175,029.93 square feet and will be developed into a residential development with 20 townhomes ranging from 3,179 to 3,535 square feet. The property is expected to be completed in September 2021. Upon completion, the property will contain approximately 66,957 square feet of house floor area.</p> <p>As advised by Landsea Homes Group, the total outstanding construction cost of the property is approximately US\$2,250,000, and approximately US\$10,300,000 construction cost had been paid up to the valuation date.</p>	The property was under construction as at the valuation date.	\$25,190,000 (equivalent to HK\$195,222,500)
		The property is held under freehold interest.		

Notes:

1. According to information provided by Landsea Homes Group, the owner of the property is LS — Newark LLC. (“**Newark LLC**”, a 100% owned subsidiary of Landsea Homes).
2. The property is zoned for residential low density uses.

3. A summary of critical permits and approvals associated with the rights to develop the property is as below:
 - Newark Phase I Environmental Site Assessment
4. As advised by Landsea Homes Group, 17 residential townhome units with a total house floor area of approximately 56,887 square feet have been pre-sold to various third parties at a total consideration of US\$28,635,888. Transaction of such portions of the property have not been closed as at valuation date and therefore we have included the units in our valuation.
5. The market value of the property as if completed as at the valuation date was estimated to be US\$32,000,000.
6. We have identified and analyzed various relevant sale evidences of residential units in the locality which have similar characteristics of the property such as layout, size and condition. The selected comparables are located in the subject's market area and were transacted between December 2018 and August 2019. The unit rate for the comparable properties were between US\$435 and US\$507 per square foot. After appropriate adjustments and analysis for the differences in location, size, time and quality/condition between the comparables and the property, the concluded unit rate for the subject property is US\$479 per square foot.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date US\$
4	Tevelde at Ontario Ranch Residences Eucalyptus Avenue and Archibald Avenue Ontario California The US	<p>Project Tevelde is located in the city Ontario which is in San Bernardino County. It is about two miles from Interstate 15 and Highway 60 which provides access to employment centers such as Ontario, Corona, San Bernardino and the San Gabriel Valley along with Orange County. The MSA remains strong marked by low unemployment, low resale supply and solid income growth. The community is situated on the northwest corner of Archibald and Eucalyptus Avenues, near some of the largest employment centers in the county.</p> <p>The total site area for the entire Project Tevelde is 48.38 acres or 2,107,358 square feet. As advised by Landsea Homes Group, the property is a portion of Project Tevelde which has a total site area of approximately 540,940.54 square feet and will be developed into a residential development with 110 single-family residential units ranging from 2,217 to 3,721 square feet. The property is expected to be completed in September 2022. Upon completion, the property will contain approximately 309,622 square feet of house floor area.</p> <p>As advised by Landsea Homes Group, the total outstanding construction cost of property is approximately US\$21,600,000, and approximately US\$14,700,000 construction cost had been paid up to the valuation date.</p> <p>The property is held under freehold interest.</p>	The property was under construction as at the valuation date.	\$41,120,000 (equivalent to HK\$318,680,000)

Notes:

1. According to information provided by Landsea Homes Group, the owner of the property is LS — Ontario LLC. (“**Ontario LLC**”, a 100% owned subsidiary of Landsea Homes).
2. The property is zoned for residential medium density uses.

3. A summary of critical permits and approvals associated with the rights to develop the property is as below:
 - Phasing Exhibit
 - Phase I Environmental Site Assessment
4. As advised by Landsea Homes Group, 85 residential townhome units with a total house floor area of approximately 238,488 square feet have been pre-sold to various third parties at a total consideration of US\$44,144,098. Transaction of such portions of the property have not been closed as at valuation date and therefore we have included the units in our valuation.
5. The market value of the property as if completed as at the valuation date was estimated to be US\$77,000,000.
6. We have identified and analyzed various relevant sale evidences of residential units in the locality which have similar characteristics of the property such as layout, size and condition. The selected comparables are located in the subject's market area and were transacted between June 2019 and September 2020. The unit rate for the comparable properties were between US\$205 and US\$275 per square foot. After appropriate adjustments and analysis for the differences in location, size, time and quality/condition between the comparables and the property, the concluded unit rate of the subject property is US\$259 per square foot.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date US\$
5	IronRidge Master Planned Community 1401 Viejo Ridge Drive Lake Forest California The US	<p>Project IronRidge is located in the central coastal portion of Orange County and well served by freeways. The locality is approximately 12 miles from the John Wayne Airport and 40 miles southeast of Downtown Los Angeles. Directly north of the subject is an existing detached residential neighborhood. Transportation Corridor provides primary access to the subject neighborhood along with El Toro Road. The City of Lake Forest is desirable for residential uses as it is close to many employment and recreational uses.</p> <p>The total site area for the entire Project IronRidge is 97.57 acres or 4,250,139 square feet. As advised by Landsea Homes Group, the property is a portion of Project IronRidge which has a total site area of approximately 980,770.63 square feet and will be developed into a residential development with 190 residential units ranging from 1,195 to 3,814 square feet. The property is expected to be completed in May 2024. Upon completion, the property will contain approximately 361,613 square feet of house floor area.</p> <p>As advised by Landsea Homes Group, the total outstanding construction cost of the property is approximately US\$17,700,000 and approximately US\$64,580,000 and approximately construction cost had been paid up to the valuation date.</p>	The property was under construction as at the valuation date.	\$109,610,000 (equivalent to HK\$849,477,500)
		The property is held under freehold interest.		

Notes:

1. According to information provided by Landsea Homes Group, the owner of the property is LS — Lake Forest LLC. (“**Lake Forest**”, a 100% owned subsidiary of Landsea Homes).
2. The property is zoned for detached single-family and multifamily residential uses.

3. A summary of critical permits and approvals associated with the rights to develop the property is as below:
 - Portola Hills Phase I ESA
 - Portola PA Final Map Tract
 - DRE Master Budget Approval Letter
4. As advised by Landsea Homes Group, 52 residential townhome units with a total house floor area of approximately 122,314 square feet have been pre-sold to various third parties at a total consideration of US\$48,204,601. Transaction of such portions of the property have not been closed as at valuation date and therefore we have included the units in our valuation.
5. The market value of the property as if completed as at the valuation date was estimated to be US\$156,750,000.
6. We have identified and analyzed various relevant sale evidences of residential units in the locality which have similar characteristics of the property such as layout, size and condition. The selected comparables are located in the subject's market area and were transacted between January 2019 and September 2020. We also considered sales of similar homes within the subject master community. The unit rate for the comparable properties were between US\$324 and US\$527 per square foot. After appropriate adjustments and analysis for the differences in location, size, time and quality/condition between the comparables and the property, the concluded unit rate of the subject property is US\$414 per square foot.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Director's Interest in the securities of the Company and its associated Corporation

As at the Latest Practicable Date, save as disclosed below, none of the Directors or the chief executive of the Company or their respective associates had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Long Position in Shares

Name of Directors	Capacity	Number of Shares	Approximate percentage in total number of issued Shares
Mr. Tian Ming	Interest of controlled corporations	2,727,369,866 <i>(Notes 1 and 2)</i>	57.76%
	Beneficial owner	8,901,500	0.19%
Mr. Huang Zheng	Beneficial owner	20,000,000 <i>(Note 3)</i>	0.42%
Ms. Shen Leying	Beneficial owner	2,214,500	0.05%
Mr. Jiang Chao	Beneficial owner	10,000,000 <i>(Note 3)</i>	0.21%

Notes:

1. These include (i) 1,997,961,187 ordinary shares held through Greensheid Corporation (“**Greensheid**”); (ii) 361,493,785 ordinary shares held through Easycorps Group Limited (“**Easycorps**”); and (iii) 367,914,894 ordinary shares held through Landsea International Holdings Limited (“**Landsea International**”).
2. Greensheid is wholly-owned by Landsea International, which is in turn wholly-owned by Landsea Group. Mr. Tian Ming (“**Mr. Tian**”) is the controlling shareholder of Landsea Group. Easycorps is a company wholly and beneficially owned by Mr. Tian.
3. These are restricted Shares granted by the Company pursuant to the restricted share award scheme adopted by the Board on 2 July 2014.

As at the Latest Practicable Date, save as disclosed below, none of the other Directors was a director or employee of a company which had, or was deemed to have, an interest or a short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Title	Company
Mr. Tian	Chairman and president	Landsea Group Co., Ltd.
Mr. Jiang Chao	Assistant to president and chief investment officer	Landsea Group Co., Ltd.
Mr. Zhou Yimin	Chairman and chief executive officer	Ping An Real Estate Company Ltd.

(b) Substantial shareholders’ interest

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Long/short positions in the Shares

Name of Shareholders	Long Position/ Short Position	Capacity	Number of Shares	Approximate percentage in total number of issued Shares
Landsea Group Co., Ltd. (<i>Note 1</i>)	Long position	Interest in controlled corporation	2,365,876,081	50.10%

Name of Shareholders	Long Position/ Short Position	Capacity	Number of Shares	Approximate percentage in total number of issued Shares
Landsea International (Note 1)	Long position	Interest in controlled corporation	1,997,961,187	42.31%
	Long position	Beneficial interest	367,914,894	7.79%
Nanjing Ding Chong Investment Management Consultants Ltd. (Note 1)	Long position	Interest in controlled corporation	2,365,876,081	50.10%
Greensheid (Note 1)	Long position	Beneficial interest	1,997,961,187	42.31%
Easycorps (Note 2)	Long position	Beneficial interest	361,493,785	7.66%
Ping An Insurance (Group) Company of China, Ltd. (Note 3)	Long position	Interest in controlled corporation	327,002,604	6.92%
	Short position	Interest in controlled corporation	327,002,604	6.92%
Ping An Life Insurance Company of China Ltd. (Note 3)	Long position	Interest in controlled corporation	327,002,604	6.92%
	Short position	Interest in controlled corporation	327,002,604	6.92%
Ping An Property & Casualty Insurance Company of China, Ltd. (Note 3)	Long position	Interest in controlled corporation	327,002,604	6.92%
	Short position	Interest in controlled corporation	327,002,604	6.92%
Ping An Real Estate Company Ltd. (Note 3)	Long position	Interest in controlled corporation	327,002,604	6.92%
	Short position	Interest in controlled corporation	327,002,604	6.92%
Pingan Real Estate Capital Ltd. (Note 3)	Long position	Interest in controlled corporation	327,002,604	6.92%
	Short position	Interest in controlled corporation	327,002,604	6.92%

Name of Shareholders	Long Position/ Short Position	Capacity	Number of Shares	Approximate percentage in total number of issued Shares
Fuji Investment Management Limited (Note 3)	Long position	Beneficial interest	327,002,604	6.92%
	Short position	Beneficial interest	327,002,604	6.92%
Ting Wang (Note 4)	Long Position	Interest in controlled corporation	78,768,335	1.67%
	Long Position	Beneficial interest	252,608,635	5.35%
State-owned Assets Supervision And Administration Commission of Nanjing Municipal Government (Note 5)	Long Position	Interest in controlled corporation	314,507,927	6.66%
Nanjing Urban Construction Investment Holding (Group) Co., Ltd. (Note 5)	Long Position	Interest in controlled corporation	314,507,927	6.66%
Nanjing State-Owned Assets Investment & Management Holding (Group) Co., Ltd. (Note 5)	Long Position	Interest in controlled corporation	314,507,927	6.66%
Nanjing Tourism Group Co., Ltd. (Note 5)	Long Position	Interest in controlled corporation	314,507,927	6.66%
Nanjing Textiles Import & Export Corp., Ltd. (Note 5)	Long Position	Interest in controlled corporation	314,507,927	6.66%
Hong Kong Newdawn International Co., Limited (Note 5)	Long Position	Beneficial Interest	314,507,927	6.66%

Notes:

1. These include (i) 1,997,961,187 ordinary shares held through Greensheid and 367,914,894 ordinary shares held through Landsea International. Greensheid is wholly-owned by Landsea International, which is in turn wholly-owned by Landsea Group Co., Ltd. (“**Landsea Group**”). Landsea Group is owned as to 34.15% by Nanjing Ding Chong Investment Management Consultants Ltd. (“**Nanjing Ding Chong**”), a company wholly and beneficially owned by Mr. Tian, and as to 15.85% by Mr. Tian. Therefore, Landsea International is deemed to be interested in the shares held by Greensheid, and Landsea Group is deemed to be interested in the shares held by Landsea International and Greensheid, as well as Nanjing Ding Chong is deemed to be interested in the shares held by Greensheid and Landsea International pursuant to the SFO.
2. Easycorps is a company wholly and beneficially owned by Mr. Tian.
3. These include (i) 327,002,604 ordinary shares held by Fuji Investment Management Limited. Fuji Investment Management Limited is wholly-owned by Pingan Real Estate Capital Limited which in turn is wholly-owned by Ping An Real Estate Company Limited. Ping An Real Estate Company Limited is owned as to 49.5% by Ping An Life Insurance Company of China Ltd. and 35% by Ping An Property & Casualty Insurance Company of China, Ltd. Each of Ping An Life Insurance Company of China Ltd. and Ping An Property & Casualty Insurance Company of China, Ltd is owned as to 99.51% by Ping An Insurance (Group) Company of China, Ltd. Therefore, each of Ping An Insurance (Group) Company of China, Ltd., Ping An Life Insurance Company of China Ltd., Ping An Property & Casualty Insurance Company of China, Ltd., Ping An Real Estate Company Ltd. and Pingan Real Estate Capital Ltd. is deemed to be interested in the shares held by Fuji Investment Management Limited pursuant to the SFO.
4. These include 252,608,635 ordinary shares beneficially owned by Mr. Ting Wang (“**Mr. Ting**”) and 78,768,335 ordinary shares held through Ding Capital Management Limited (“**Ding Capital**”). Ding Capital is wholly-owned by Mr. Ting.
5. Hong Kong Newdawn International Co., Limited is wholly-owned by Nanjing Textiles Import & Export Corp., Ltd. Nanjing Textiles Import & Export Corp., Ltd. is owned as to 34.99% by Nanjing Tourism Group Co., Ltd. Nanjing Tourism Group Co., Ltd. is owned as to 60% by Nanjing Urban Construction Investment Holding (Group) Co., Ltd. and 40% by Nanjing State-Owned Assets Investment & Management Holding (Group) Co., Ltd. Nanjing State-Owned Assets Investment & Management Holding (Group) Co., Ltd. and Nanjing Urban Construction Investment Holding (Group) Co., Ltd. are both wholly-owned by State-owned Assets Supervision And Administration Commission of Nanjing Municipal Government. Therefore, each of State-owned Assets Supervision And Administration Commission of Nanjing Municipal Government, Nanjing State-Owned Assets Investment & Management Holding (Group) Co., Ltd., Nanjing Urban Construction Investment Holding (Group) Co., Ltd., Nanjing Tourism Group Co., Ltd. and Nanjing Textiles Import & Export Corp., Ltd. is deemed to be interested in the shares held by Hong Kong Newdawn International Co., Limited pursuant to the SFO.

Save as disclosed above, as at the Latest Practicable Date, no other person (other than the Directors or chief executives of the Company) had an interest or short position in the Shares or underlying Shares as recorded in the register kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates is and was interested in any business which competes, or may compete, either directly or indirectly, with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

4. DIRECTOR'S INTERESTS IN ASSETS

As at the Latest Practicable Date, save for the services framework agreement dated 2 November 2018 entered into between the Company and Landsea Group, pursuant to which the Group entrusted Landsea Group or its subsidiaries to provide venues, facilities and equipment rental and promotional display services for a term of three years commencing from 1 January 2019 to 31 December 2021 at annual caps of RMB12 million, RMB14 million and RMB16 million respectively, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, been acquired or disposed of by or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT OF SIGNIFICANCE

As at the Latest Practicable Date, save for the agreements referred to in items (i) to (v) below, in which Mr. Tian is deemed to have interests, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group.

- (i) the project management services agreement dated 25 December 2017 entered into between the Company and the Landsea Group in relation to provision of development and construction entrusted management services and sales agency services by the Group to Landsea Group and its subsidiaries for a term of three years from 25 December 2017 to 24 December 2020 at annual caps of RMB120 million respectively;
- (ii) a green architecture technological services framework agreement dated 13 February 2018 entered into between the Company and 上海朗綠建築科技股份有限公司 (Shanghai Landleaf Architecture Technology Co., Ltd*) ("**Landleaf Architecture Technology**") pursuant to which Landleaf Architecture Technology shall provide green architecture technological services to the Group for a term of three years from 13 February 2018 to 31 December 2020 at annual caps of RMB70 million, RMB50 million and RMB50 million respectively;
- (iii) the decoration services framework agreement dated 13 February 2018 entered into between the Company and Landsea Group, pursuant to which Landsea Group or its subsidiaries shall provide decoration services to the Group for a term of three years from 13 February 2018 to 31 December 2020 at annual caps of RMB20 million respectively;
- (iv) the services framework agreement dated 2 November 2018 entered into between the Company and Landsea Group, pursuant to which the Group shall entrust Landsea Group or its subsidiaries to provide venues, facilities and equipment rental and

promotional display services for a term of three years commencing from 1 January 2019 to 31 December 2021 at annual caps of RMB12 million, RMB14 million and RMB16 million respectively;

- (v) the framework agreement dated 10 May 2019 entered into between Shanghai Landsea Planning and Architectural Design Co., Ltd.* (上海朗詩規劃建築設計有限公司) (“**Design Co.**”) and the Company in relation to the provision of construction design services by Design Co. to the Group for a term commencing from 26 June 2019 to 31 December 2021 at annual caps of RMB9 million, RMB9 million and RMB3.5 million respectively; and
- (vi) the framework agreement dated 10 May 2019 entered into between Landsea Group and the Company, pursuant to which Landsea Group and its subsidiaries shall provide property management services and property consulting services to the Group for a fixed term commencing from 26 June 2019 to 31 December 2021 at annual caps of RMB50 million respectively.

6. DIRECTOR’S SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which is not determinable by any member of the Group within one year without payment of compensation (other than statutory compensation).

7. MATERIAL CONTRACTS

The following contracts have been entered into by the Group (not being contracts entered into in the ordinary course of business) within two years immediately preceding the date of this circular and are or may be material:

- i. a supplemental agreement dated 21 December 2018 entered into between 蘇州朗坤置業有限公司 (Suzhou Langkun Property Limited*) (“**Suzhou Langkun**”) and 江蘇國泰華鼎投資有限公司 (Jiangsu Guotai Huading Investment Company Limited*) and Suzhou Langkun and 江蘇國泰紫金科技發展有限公司 (Jiangsu Guotai Zijin Technology Development Company Limited*) respectively, pursuant to which Suzhou Langkun agreed to adjust certain terms under loan agreements;
- ii. the cooperation agreement entered into by 西安朗詩銘房地產開發有限公司 (Xi’an Langshiming Real Estate Development Co., Ltd.*) (“**Xi’an Langshiming**”) and 百瑞信託有限責任公司 (Bridge Trust Co., Ltd.*) (“**Bridge Trust**”) on 15 February 2019, in relation to the cooperation of Xi’an Langshiming and Bridge Trust in the development of the land (the “**Land**”) and under the fulfilling the agreed conditions, Xi’an Langshiming agreed to buy back 49% equity interest to be acquired by Bridge Trust in 西安朗詩意企業管理諮詢有限公司 (Xi’an Langshiyi Enterprise Management Consulting Co., Ltd.*) (“**Xi’an Langshiyi**”) held by Xi’an Langshiming and the various loans obtained by Bridge Trust using the trust fund in

- the form of loans and transfer of loans to Xi'an Langshiyi and the a newly-established company funded by 西安名京房地產開發有限公司 (Xi'an Mingjing Real Estate Development Co., Ltd.*) to develop the Land;
- iii. the cooperation framework agreement entered into by 南京朗銘地產集團有限公司 (Nanjing Langming Properties Group Limited*) ("**Nanjing Langming**"), Xi'an Langshiming, 西安嘉鵬房地產開發有限公司 (Xi'an Jiapeng Real Estate Development Co., Ltd.*) ("**Xi'an Jiapeng**") and 南京洛德德寧房地產投資合夥企業 (Nanjing Luode Dening Real Estate Investment Partnership (Limited Partnership)*) ("**Dening Fund**") on 21 February 2019, pursuant to which agreed to invest in the property development project held by Xi'an Jiapeng through the acquisition of the 70% equity interest in Xi'an Jiapeng and the provision of the shareholder's loan to be provided by Dening Fund to the Xi'an Jiapeng, the amount of which shall not exceed RMB126,000,000;
- iv. the share transfer agreement entered into by Nanjing Langming, 南京朗詩投資管理有限公司 (Nanjing Langshi Investment Management Co., Ltd.*) ("**Nanjing Langshi**"), 上海修宸投資管理中心 (Shanghai Xiu Chen Investment Management Center*) ("**Xiu Chen Investment**"), 上海蒼宸投資管理中心 (Shanghai Cang Chen Investment Management Center*) ("**Cang Chen Investment**") and 蘇州朗宏置業有限公司 (Suzhou Langwang Properties Co., Ltd.*) ("**Suzhou Langwang Properties**") on 4 April 2019, pursuant to which Xiu Chen Investment and Cang Chen Investment conditionally agreed to sell 48% and 1% of the equity interest in Suzhou Langwang Properties respectively, and Nanjing Langming conditionally agreed to assign Nanjing Langshi to buy back the 48% equity interest in Suzhou Langwang Properties held by Xiu Chen Investment and 1% equity interest in Suzhou Langwang Properties held by Cang Chen Investment;
- v. the agreement dated 10 May 2019 entered into between 上海朗毓商業管理有限公司 (Shanghai Langyu Commercial Management Limited*), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company, Nanjing Langming, 上海朗詩投資管理有限公司 (Shanghai Landsea Investment Management Limited*), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company ("**Shanghai Landsea Investment**"), Landsea Group and 上海朗詩寓實業發展有限公司 (Shanghai Landsea Apartment Industry Development Co., Ltd.*) in relation to the disposal of 上海朗詩寓實業發展有限公司 (Shanghai Landsea Apartment Industry Development Co., Ltd.*) for a consideration of RMB271,000,000 (for equity) and RMB628,406,889 (for debt);
- vi. the agreement dated 10 May 2019 entered into between Nanjing Langming, Shanghai Landsea Investment, 上海朗詩建築科技有限公司 (Shanghai Landsea Construction Technological Co., Ltd.*) and 上海朗詩規劃建築設計有限公司 (Shanghai Landsea Planning and Architectural Design Co., Ltd.*) in relation to the disposal of 上海朗詩規劃建築設計有限公司 (Shanghai Landsea Planning and Architectural Design Co., Ltd.*) for a consideration of RMB26,770,000;

- vii. the agreement dated 10 May 2019 entered into between Shanghai Landsea Investment, 南京朗詩物業管理有限公司 (Nanjing Landsea Property Management Limited*) and 南京朗詩深綠物業管理有限公司 (Nanjing Landsea Shenlu Property Management Limited*) in relation to the disposal of 南京朗詩深綠物業管理有限公司 (Nanjing Landsea Shenlu Property Management Limited*) for a consideration of RMB42,540,000;
- viii. the agreement dated 10 May 2019 entered into between Nanjing Langming, 上海朗昆企業管理有限公司 (Shanghai Langkun Business Management Co., Ltd.*), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company (“**Shanghai Langkun**”), 南京朗詩深綠電子商務有限公司 (Nanjing Landsea Shenlu E-Commerce Limited*) and 上海不紙商業管理有限公司 (Shanghai Buzhi Commercial Management Limited*) (“**Shanghai Buzhi**”) in relation to the disposal of Shanghai Buzhi for a consideration of RMB1 (for debt) and RMB5,730,000 (for debt);
- ix. the agreement dated 10 May 2019 entered into between Nanjing Langming, 上海朗茂投資管理有限公司 (Shanghai Langmao Investment Management Limited*), a company established in the PRC, which is an indirect wholly-owned subsidiary of the Company, 南京朗詩生態農業有限公司 (Nanjing Landsea Ecological Agriculture Limited*) and 南京朗詩園林景觀有限公司 (Nanjing Landsea Landscape Limited*) (“**Landsea Landscape**”) in relation to the disposal of Landsea Landscape, for a consideration of RMB1 (for debt) and RMB6,690,000 (for debt);
- x. the agreement dated 14 May 2019 entered into between Shanghai Langkun with (i) 北京融匯嘉智投資管理中心(有限合夥) (Beijing Ronghui Jiazhi Investment Management Center (Limited Partnership*)) (“**Beijing Ronghui**”); (ii) 陽光融匯資本投資管理有限公司 (Sunshine Ronghui Capital Investment Management Co., Ltd.*); and (iii) 上海融懋商業管理有限公司 (Shanghai Rongmao Commercial Management Co., Ltd.*) (“**Shanghai Rongmao**”). Shanghai Langkun and Beijing Ronghui agreed to jointly invest in the Beijing Shipbuilding Heavy Industry Building Project and Shanghai Langkun has conditionally agreed to acquire 50% equity interest in Shanghai Rongmao for a total consideration of RMB2 and Shanghai Langkun conditionally agreed to provide the shareholder loan of RMB200,000,000;
- xi. an agreement dated 11 July 2019 entered into between Nanjing Langming, 南京旭博輝企業管理有限公司 (Nanjing Xubohui Corporate Consulting Management Company Limited*) (“**Nanjing Xubohui**”) and 上海中城乾念投資中心(有限合夥) (Shanghai Zhongcheng Qiannian Investment Centre (Limited Partnership*)) (“**Zhongcheng Fund**”), pursuant to which Zhongcheng Fund shall withdraw from the investment 合肥皖新朗詩文化投資有限公司 (Hefei Wanxin Landsea Cultural Investment Company Limited*) (“**Hefei Wanxin**”) and agreed to sell 48% equity interest in Hefei Wanxin and the loan from Hefei Wanxin held by Zhongcheng Fund, and Nanjing Xubohui agreed to acquire such equity and loan for a consideration of RMB743,638,286.03;

- xii. an agreement dated 26 August 2019 entered into between Nanjing Langming with 天津朗信投資管理有限公司 (Tianjin Langxin Investment Management Co., Ltd.*) (“**Tianjin Langxin**”) and 信達投資有限公司 (Xinda Investment Co., Ltd.) (“**Xinda Investment**”), pursuant to which, through the subscription for 66.58% limited partnership interest in 嘉興朗建股權投資基金合夥企業(有限合夥) (Jiaying Langjian Equity Investment Fund Partnership (Limited Partnership)*) (the “**Subject LP Equity**”) by Xinda Investment, Nanjing Langming conditionally agreed to sell the Subject LP Equity indirectly, and Xinda Investment conditionally agreed to acquire of and make capital contribution to the Subject LP Equity to jointly invest in the 成都海興冷業貿易股份有限公司 (Chengdu Haixing Cold Industry Trading Co., Ltd. held by 嘉興朗建股權投資基金合夥企業(有限合夥) (Jiaying Langjian Equity Investment Fund Partnership (Limited Partnership)*) for a consideration of RMB500,000,000;
- xiii. an agreement dated 8 January 2020 entered into between Landsea Homes of Arizona, LLC and Landsea Homes Incorporated, wholly-owned subsidiaries of the Company, Longhorn Wyoming, LLC, ZKL, LLC and GGW Funding LLC (collectively, the “**Sellers**”), Jacob S. Walker, Jeffrey M. Garrett, F. Michael Geddes and GWH Holdings, LLC, pursuant to which Landsea Homes of Arizona, LLC agreed to purchase, and the Sellers conditionally agreed to sell, all of the issued and outstanding membership interests of GWH Holdings, LLC for a consideration of US\$50,700,000;
- xiv. the Merger Agreement; and
- xv. an equity transfer agreement dated 18 December 2020 entered into between Nanjing Langming, Xi’an Jiapeng, 民生加銀資產管理有限公司 (Minsheng Royal Asset Management Co., Ltd.*), (“**Mingsheng Royal Asset Management**”) and 南京鑫輝盛投資管理有限公司 (Nanjing Xinhuisheng Investment Management Co., Ltd.*) (“**Nanjing Xinhuisheng**”), pursuant to which Minsheng Royal Asset Management (being an asset manager) agreed to transfer the entire equity interests of Nanjing Xinhuisheng on behalf of Minsheng Royal Asset Management’s asset management plan and Nanjing Langming and Xi’an Jiapeng agreed to purchase 74% and 26% equity interests of Nanjing Xinhuisheng respectively at the total consideration of RMB531,783,806.66, in which Nanjing Langming shall pay RMB393,520,016.93.

8. EXPERTS AND CONSENTS

The following are the qualification of the experts who have been named in this circular or have given opinion, letters or advice contained in this circular:

Name	Qualifications
Trinity Corporate Finance Limited	a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO
PricewaterhouseCoopers	Certified Public Accountants Registered Public Interests Entity Auditor
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer

As at the Latest Practicable Date, each of the above experts (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2019 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

9. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

10. GENERAL

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.
- (b) The head office of the Company and principal place of business of the Company in Hong Kong is at Unit 5103, 51/F., The Center, 99 Queen's Road Central, Hong Kong.
- (c) Ms. Chan Yuen Ying, Stella ("**Ms. Chan**") is the company secretary of the Company. Ms. Chan was appointed as company secretary and authorized representative of the Company on 1 November 2006. Ms. Chan is a fellow member of The Institute of Chartered Secretaries and Administrators and a fellow member of

The Hong Kong Institute of Company Secretaries. She is also a member of the Hong Kong Institute of Directors. Ms. Chan has over 20 years' experience in handling listed company secretarial matters.

- (d) The Bermuda principal share registrar and transfer office of the Company is MUFG Fund Services (Bermuda) Limited, at 4th floor North Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda.
- (e) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (f) This circular is prepared in both English and Chinese. In the event of inconsistency, English text shall prevail over its Chinese text unless otherwise specified.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. on any weekday (except public holidays) at the head office of the Company in Hong Kong at Unit 5103, 51/F, The Center, 99 Queen's Road Central, Hong Kong up to and including the date falling on 14 days from the date of this circular:

- (a) the memorandum and bye-laws of the Company;
- (b) the annual reports of the Company for the two years ended 31 December 2019;
- (c) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;
- (d) the letter from the Board, the text of which is set out in "letter from the Board" in this circular;
- (e) the letter from the Independent Board Committee, the text of which is set out in "letter from the Independent Board Committee" in this circular;
- (f) the letter from the Independent Financial Adviser, the text of which is set out in "letter from the Independent Financial Adviser" in this circular;
- (g) the independent reporting accountant's assurance report on the compliance of pro forma financial information of the Group from PricewaterhouseCoopers, the text of which is set out in Appendix IV of this circular;
- (h) the property valuation report prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix V of this circular;
- (i) the written consents referred to in the paragraph headed "Experts and Consents" in this Appendix; and
- (j) this circular.



LANDSEA GREEN PROPERTIES CO., LTD.

朗詩綠色地產有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

NOTICE IS HEREBY GIVEN that a special general meeting of Landsea Green Properties Co., Ltd. (the “**Company**”) will be held at Landsea Green Center, Building 5, Lane 280, Linhong Road, Changning District, Shanghai, China on Thursday, 7 January 2021 at 4:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the assured entitlement requirement in respect of the proposed spin-off and separate listing of the shares of Landsea Homes Incorporated (“**Landsea Homes**”), by way of the merger pursuant to the merger agreement dated 31 August 2020 entered into between Landsea Homes, Landsea Holdings Corporation (an indirect wholly-owned subsidiary of the Company), LF Capital Acquisition Corp. (a special purpose acquisition company in the US and listed on National Association of Securities Dealers Automated Quotations capital market) and LFCA Merger Sub, Inc. (“**Merger Sub**”) in relation to the business combination transaction by which Merger Sub merges with and into Landsea Homes with Landsea Homes being the surviving entity of such merger, in accordance with Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited be and is hereby waived (the “**Waiver**”); and
- (b) any director of the Company be and is hereby authorised to do all actions and to sign, execute and deliver all such agreements, deeds and documents for and on behalf of the Company as such director of the Company may in his discretion consider necessary or desirable for the purpose of giving effect to the Waiver.”

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

Hong Kong, 21 December 2020

Notes:

1. Any member entitled to attend and vote at the special general meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him/her. A proxy need not be a member of the Company.

NOTICE OF SGM

2. To be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof must be lodged with the Company's share registrar, Computershare Hong Kong Investors Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting.
3. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he/she were solely entitled thereto; but if more than one of such joint holders are present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members in respect of the relevant joint holding.

As at the date of this notice, 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.