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朗诗绿色管理

LANDSEA GREEN MANAGEMENT

LANDSEA GREEN MANAGEMENT LIMITED

朗詩綠色管理有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF A TARGET COMPANY**

Financial Adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

A letter from the Board is set out on pages 5 to 12 of this circular.

30 November 2022

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DEFINITIONS

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

“Acquisition”	the acquisition of the Interests by the Purchaser from the Sellers under the Agreement
“Adjustment Amount”	an amount equal to the Closing Date Purchase Price less the Estimated Closing Date Purchase Price
“Agreement”	the membership interest purchase agreement dated 18 January 2022 (United States Pacific Standard Time) entered into by and among the Purchaser, Landsea Homes, the Sellers, the Seller A Members and the Orosz Principals
“Base Purchase Price”	an amount equal to US\$179,241,431
“Board”	board of Directors
“Closing”	closing of the Acquisition under the Agreement
“Closing Date”	the date of Closing, being the date of the Agreement
“Closing Date Purchase Price”	an amount equal to the Base Purchase Price less the sum of the actual transaction expenses incurred by the Target Company or its subsidiaries as of the Closing Date and plus the amount (if any) by which the Closing Working Capital exceeds the Target Working Capital
“Closing Working Capital”	the Working Capital as of 11:59 p.m., Eastern Time on the day immediately preceding the Closing Date, being the amount of US\$46,059,369
“Company”	Landsea Green Management Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 106)
“connected person(s)”	has the meanings as defined in the Listing Rules
“Director(s)”	director(s) of the Company
“Easycorps”	Easycorps Group Limited, a company wholly-owned by Mr. Tian Ming
“Enlarged Group”	the Group and the Target Group
“Estimated Closing Date Purchase Price”	an amount equal to the Base Purchase Price less the estimated transaction expenses incurred by the Target Company or its subsidiaries as of the Closing Date

DEFINITIONS

“Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Company as to working capital sufficiency
“Greensheid”	Greensheid Corporation, a wholly-owned subsidiary of Landsea International
“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
“IFRS”	the International Financial Reporting Standards
“Interests”	all of the issued equity interests of the Target Company
“Landsea Homes”	Landsea Homes Corporation, a company incorporated under the State of Delaware in the USA and the common stock of which are listed on NASDAQ, and a non-wholly owned subsidiary of the Company
“Landsea International”	Landsea International Holdings Limited, a controlling shareholder of the Company
“Latest Practicable Date”	25 November 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“LHC”	Landsea Holdings Corporation, a company incorporated under the laws of State of Delaware in the USA and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LSEA Stock”	the common shares of Landsea Homes
“Mazars”	Mazars CPA Limited
“NASDAQ”	National Association of Securities Dealers Automated Quotations capital market
“Orosz Principals”	J. Matthew Orosz, Andrew Orosz, and Stephen Orosz

DEFINITIONS

“PRC”	the People’s Republic of China
“Purchase Price”	the purchase price for the Interests, which will not be greater than US\$185,000,000
“Purchaser”	Landsea Homes of Florida LLC, a company incorporated under the State of Delaware in the USA and a non-wholly owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Seller A”	SAM Building Partners, LLC, a company incorporated under the State of Delaware in the USA
“Seller A Members”	SWO Holdings Irrevocable Trust, AJO Holdings Irrevocable Trust, JMO Holdings Irrevocable Trust
“Seller B”	Edge Creek Ventures, LLC, a company incorporated under the State of Delaware in the USA
“Sellers”	Seller A and Seller B
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Hanover Family Builders, LLC, a limited liability company incorporated in the State of Florida of the USA
“Target Group”	the Target Company and its subsidiaries
“Target Working Capital”	an amount equal to US\$46,059,369
“US GAAP”	generally accepted accounting principles in the USA
“US\$”	United States dollar, the lawful currency of United States of America
“USA”	the United States of America

DEFINITIONS

“Working Capital” as of any date of determination, the excess of the Target Company’s current assets on a consolidated basis as of such date over the Target Company’s total current liabilities, determined in accordance with the US GAAP adopted by the Target Company

“%” per cent.

* *For identification purpose only.*



朗诗绿色管理

LANDSEA GREEN MANAGEMENT

LANDSEA GREEN MANAGEMENT LIMITED

朗詩綠色管理有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 106)

Executive Directors:

Mr. Tian Ming
Mr. Huang Zheng

Non-executive Director:

Ms. Gu Jing

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:*

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

30 November 2022

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
IN RELATION TO
THE ACQUISITION OF A TARGET COMPANY**

INTRODUCTION

References are made to the announcements of the Company dated 19 January 2022, 24 January 2022, 31 March 2022, 28 April 2022 and 30 June 2022 in relation to, among others, the Acquisition. The purpose of this circular is to provide you with further details about the Acquisition and other information required under the Listing Rules.

THE ACQUISITION

On 18 January 2022 (United States Pacific Standard Time), the Purchaser and Landsea Homes, which are non-wholly owned subsidiaries of the Company, entered into the Agreement with the Sellers, the Seller A Members and the Orosz Principals, pursuant to which the Purchaser agreed to purchase, and the Sellers agreed to sell, the Interests.

LETTER FROM THE BOARD

THE AGREEMENT

Set out below are the principal terms of the Agreement:

Parties

- (i) The Purchaser (a non-wholly owned subsidiary of the Company);
- (ii) Landsea Homes (a non-wholly owned subsidiary of the Company);
- (iii) the Sellers;
- (iv) the Seller A Members; and
- (v) the Orosz Principals.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Sellers and their respective ultimate beneficial owners, including the Seller A Members and Orosz Principals, is a third party independent of the Company and connected persons of the Company.

Subject Matter

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

Base Purchase Price

The Base Purchase Price is US\$179,241,431, which was determined by the parties after arm's length negotiations and after taking into account, (i) the benchmark market value of the properties adjacent to the properties owned by the Target Company, and (ii) the Base Purchase Price against the net income of the Target Company as at 31 December 2020 (i.e. approximately US\$16,388,000), representing a price-to-earnings ratio of approximately 10.9 times (the "**P/E Ratio**"). The P/E Ratio falls within the range of price-to-earnings multiples applied in the acquisition of property development companies in the USA in 2020. The price-to-earnings multiples of comparable companies in the market range from approximately 10.5x times to approximately 20.5 times, with an average of approximately 14.6 times. Such comparable companies and their respective P/E Ratio for the year 2020 are set forth as follows:

Comparable companies (Note)	P/E Ratio (for the year 2020)
Beazer Homes USA, Inc.	13.0x
D.R. Horton, Inc.	16.1x
Meritage Homes Corporation	10.5x
PulteGroup, Inc.	11.7x
Taylor Morrison Home Corporation	18.2x
Toll Brothers, Inc.	20.5x
Tri Pointe Homes Inc.	12.1x

LETTER FROM THE BOARD

Note: The data was extracted from a report on homebuilding sector in the USA dated 6 January 2022 issued by Janney Montgomery Smith, a boutique investment bank and financial advisor in the USA.

The Purchaser considers that the above companies represent a cross section of public home builders in the USA which build similar products as the Target Company, and therefore are comparable to the Target Company.

Payment method of the Purchase Price

On the Closing Date, the Purchaser paid the Estimated Closing Date Purchase Price in cash to the Sellers.

Within 150 days after the Closing Date, the Sellers and the Purchaser will agree on the Closing Date Purchase Price by determining the actual transaction expenses incurred by the Target Company or its subsidiaries and any item in dispute will be determined by an independent accounting firm to be engaged by the Sellers and the Purchasers. If the Adjustment Amount is a positive amount, then within five (5) business days following the date of such determination, the Purchaser will pay to each Seller in cash its pro rata portion of the Adjustment Amount. If the Adjustment Amount is a negative amount (the “**Shortfall Amount**”), then within five (5) business days following the date of such determination, each Seller will pay to the Purchaser in cash each Seller’s pro rata portion of the Shortfall Amount.

The Purchase Price is expected to be funded by the internal resources of Landsea Homes.

Closing

Closing took place on the Closing Date.

Since Closing, the Target Company has become a wholly-owned subsidiary of the Purchaser and its results have been consolidated by the Group. The consolidated financial statements of the Enlarged Group are set out in the interim results announcement and the interim report of the Company for the six months ended 30 June 2022 published on the Stock Exchange’s website on 31 August 2022 and 29 September 2022, respectively.

Post Closing Employment of the Orosz Principals

The parties agreed that the Orosz Principals shall remain employed by the Target Company in substantially equivalent capacities with substantively commensurate compensation structures (in the aggregate) on an “at will” basis for an interim period of time from and after the Closing, for a period of six (6) months, unless extended by the parties. J. Matthew Orosz and Stephen Orosz will continue their existing roles as co-Presidents (Florida Division) and Andrew Orosz will serve as Legal Counsel (Florida Division).

INFORMATION ON THE PARTIES

The Purchaser

The Purchaser is incorporated in the State of Delaware, and is principally engaged in real estate development.

LETTER FROM THE BOARD

Landsea Homes

Landsea Homes is a non-wholly owned subsidiary of the Company. It is incorporated under the State of Delaware in the USA and the common stock of which have been listed on NASDAQ since January 2021. Landsea Homes is principally engaged in real estate development, and it wholly-owns the Purchaser directly.

The Company

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

The Sellers

Seller A is incorporated under the State of Delaware in the USA, and is principally engaged in real estate development. As at the Latest Practicable Date, Seller A is owned by SWO Holdings Irrevocable Trust (“**SWO Trust**”), AJO Holdings Irrevocable Trust (“**AJO Trust**”), JMO Holdings Irrevocable Trust (“**JMO Trust**”). The trustee and beneficiary of SWO Trust is Stephen William Orosz; the trustee and beneficiary of AJO Trust is Andrew J. Orosz; and the trustee and beneficiary of JMO Trust is John Matthew Orosz.

Seller B is incorporated under the State of Delaware in the USA, and is principally engaged in real estate development and investment. Seller B is owned by Emerson Investments International, Inc, an entity which is owned by Anthony Jones and Mark Jones.

As at the Latest Practicable Date, each of Seller A and Seller B held 75% and 25% of the entire membership interests in the Target Company, respectively.

The Seller A Members

The Seller A Members are individuals resided in the USA.

The Orosz Principals

The Orosz Principals are individuals resided in the USA, who are key management persons operating the Target Company.

The Target Company

The Target Company is a limited liability company incorporated in the State of Florida of the USA. The Target Company’s operations primarily consist of land acquisition and development, construction, and the sale of single family residential units in Central Florida and Orlando market.

The net assets and total assets value of the Target Company and its subsidiaries as extracted from its consolidated audited financial statements as at 31 May 2022 prepared in accordance with the generally accepted accounting principles in the USA were approximately US\$158,177,882 and US\$199,199,468 respectively.

LETTER FROM THE BOARD

The financial results of the Target Company and its subsidiaries as extracted from the consolidated audited financial statements for the three financial years ended 31 December 2021 are as follows:

	For the year ended 31 December		
	2021	2020	2019
	(audited)	(audited)	(audited)
	(US\$)	(US\$)	(US\$)
Net profit before tax and extraordinary items	30,725,531	16,387,576	13,956,550
Net profit after tax and extraordinary items (<i>Note</i>)	30,725,531	16,387,576	13,956,550

Note: The Target Company is not subject to corporate income tax

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company has been actively exploring more quality projects and new markets, continuing to deepen its strategic layout and improving its business landscape in the USA.

The Target Company's development project is located in Central Florida and Orlando area. The Acquisition enables the Company to strategically expand its brand into in Central Florida and Orlando markets, and strengthen its market share in competitively priced homes in the USA.

Based on the foregoing, the Directors (including the independent non-executive Directors) believe that the terms of the Agreement are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is 25% or more and all of such ratios are less than 100%, the Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements pursuant to 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 Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting if a general meeting were convened to approve the Agreement and the transactions contemplated thereunder. 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, and each of Mr. Tian Ming, Greensheid, Landsea International and Easycorps held 8,901,500 Shares, 2,011,513,187 Shares, 367,914,894 Shares and 376,017,785 Shares respectively, together representing approximately 58.52% interests of the Company giving the right to attend

LETTER FROM THE BOARD

and vote at general meetings of the Company, for the Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules. Pursuant to Rule 14.44 of the Listing Rules, the Company has obtained written Shareholders' approval from Mr. Tian Ming, Greensheid, Landsea International and Easycorps in lieu of holding a general meeting of the Company. Accordingly, no general meeting of the Company shall be convened to approve the Agreement and the transactions contemplated thereunder. If the Company were to convene a general meeting for the approval of the Acquisition and voting was required, the Directors would have recommended the Shareholders to vote in favour of such resolution based on the reasons set out in this letter.

WAIVER FROM STRICT COMPLIANCE WITH THE REQUIREMENT SET OUT IN RULE 4.03 OF THE LISTING RULES

Pursuant to Rule 4.03 of the Listing Rules, an accountants' report on any company being acquired must be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) (the "**Professional Accountants Ordinance**"). Rule 4.03 of the Listing Rules also provides that in the case of a circular issued by a listed issuer in connection with the acquisition of an overseas company, the Stock Exchange may be prepared to permit the accountants' report to be prepared by a firm of practicing accountants which is not so qualified but which is acceptable to the Stock Exchange. Such firm must normally have an international name and reputation and be a member of a recognised body of accountants.

The Company proposed that the accountants' report of the Target Group covering the Relevant Period for the purpose of incorporation in the Circular (the "**Accountants' Report**") shall be prepared by Mazars in accordance with the IFRS issued by the International Accounting Standards Board as adopted by the Financial Accounting Standards Board, and will be audited in accordance with the International Standards on Auditing. The Company applied for a waiver from strict compliance with the requirement of Rule 4.03 of the Listing Rules based on the following grounds:

- a) the Target Company is a company incorporated in the State of Florida of the USA and operates its business in the Central Florida and Orlando market. As a result of Closing, the Target Company has become a wholly-owned subsidiary of the Purchaser and its results have been consolidated by Landsea Homes, a subsidiary of the Company. Landsea Homes is a company incorporated under the State of Delaware in the USA and the common stock of which are listed on the NASDAQ. The results of each of the Target Company and Landsea Homes are prepared in accordance with the US GAAP;
- b) Mazars is an independent member firm of Mazars Group, an international audit, tax and advisory organization with operations in over 90 countries. With roots going back to 1921 in the USA, the firm has significant national presence in strategic geographies, providing seamless access to 24,000 professionals around the world. Mazars has industry specialists deliver tailored services to a wide range of clients across sectors, including individuals, high-growth emerging companies, privately-owned businesses and large enterprises, the Directors consider that it would be more

LETTER FROM THE BOARD

cost and time efficient to engage Mazars rather than a firm of professional accountants in Hong Kong who are qualified under the Professional Accountants Ordinance but who are not familiar with the business of the Target Group to prepare the accountants' report on the Target Group for inclusion in the Circular;

- c) the Target Company's operations primarily consist of land acquisition and development, construction, and the sale of single family residential units in Central Florida and Orlando market. Mazars has offices in 11 regions in the USA including Florida and has industry specialists deliver tailored auditing services to clients engaging in home building services around the region. Given the wealth of relevant on-site experiences in auditing enterprises engaging in real estate or home building businesses in the USA, Mazars should be able to perform the necessary work required. On the above basis, the Directors consider that Mazars is familiar with the business of the Target Group;
- d) although Mazars was not registered under the Professional Accountants Ordinance, it is registered with a recognized body of accountants, namely The American Institute of Certified Public Accountants. Mazars is a registered public accountant firm member of the Public Company Accounting Oversight Board (PCAOB) in the USA; Mazars is an international audit, tax and advisory firm with global presence. Mazars CPA Limited, its Hong Kong branch office, is a qualified auditor of the Hong Kong Institute of Certified Public Accountants. Mazars and Mazars CPA Limited are both independent members firms of Mazars Group;
- e) Mazars has sufficient manpower and staff to perform the necessary work required. Mazars CPA Limited or other local accountants' firms in Hong Kong do not have any necessary staff in the USA to perform the audit work required. If such firm would have to deploy the necessary staff in Hong Kong to USA to perform the audit work, the Directors consider that it would be costly or impracticable to engage Mazars CPA Limited or a firm of professional accountants in Hong Kong who are qualified under the Professional Accountants Ordinance to deploy the staff in the USA for the audit work;
- f) as IFRS are permitted under Rule 4.11(b) of the Listing Rules and have been fully converged with HKFRS in all material respects, the Company considers that it is appropriate for the Accountants' Report to be audited in accordance with IFRS;
- g) the Company would review the Accountants' Report to ensure compliance with the requirements under the Listing Rules and the relevant accounting standards;
- h) the Company considers that the Accountants' Report can provide substantially the same level of information on the Target Group as compared to an accountants' report prepared under HKFRS and issued by certified public accountants who are qualified under the Professional Accountants Ordinance, and the Circular as a whole is sufficient to enable the Shareholders and potential investors of the Company to make a properly informed assessment of the Acquisition;

LETTER FROM THE BOARD

- i) the accountants' report of the Target Company will be prepared using accounting policies which should be materially consistent with those of the Company and Mazars will perform quality control review on the Accountants' Report; and
- j) it would be unduly burdensome and impractical for the Company to strictly comply with the requirement under Rule 4.03 of the Listing Rules and a relaxation of such requirement would unlikely result in undue risks to the Shareholders and potential investors of the Company.

Based on the above information, the Stock Exchange agreed to waive the Rule 4.03 requirement such that the Accountants' Report is permitted to be prepared by Mazars.

GENERAL INFORMATION

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

By Order of the Board of
Landsea Green Management Limited
Tian Ming
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 December 2019, 2020 and 2021 were set out in the relevant annual reports of the Company and the relevant interim report of the Company posted on the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (http://www.landsea.hk/html/ir_report.php). Please also see below quick links to the relevant financial reports:

- Annual report of the Company for the year ended 31 December 2021 published on 27 April 2022 (pages 125 to 130):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042700780.pdf>

- Annual report of the Company for the year ended 31 December 2020 published on 29 April 2021 (pages 140 to 325):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0429/2021042900843.pdf>

- Annual report of the Company for the year ended 31 December 2019 published on 24 April 2020 (pages 145 to 361):

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

- Interim report of the Company for the six months ended 30 June 2022 published on 29 September 2022 (pages 29 to 115):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0929/2022092900581.pdf>

Each of the said consolidated financial statements of the Group is incorporated by reference to this circular and forms part of this circular.

2. STATEMENT OF INDEBTEDNESS

As at 10 October 2022, 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 RMB8,004.433 million, consisting of current borrowings of approximately RMB2,487.044 million, non-current borrowings of approximately RMB5,404.099 million, public placement warrants of approximately RMB16.532 million and lease liabilities of approximately RMB96.758 million.

As at 10 October 2022, the Target Company had outstanding indebtedness of lease liabilities of approximately RMB23.83 million.

As at 10 October 2022, 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 RMB1,016.738 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 RMB102.40 million for one joint venture of the Group as of 10 October 2022.

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 10 October 2022, 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

The Directors, after due and careful consideration, are of the opinion that, taking into account the financial resources including the internally generated fund and the loan facilities available to the Group as well as the effect of the transactions contemplated under the Agreement, the Group will have sufficient working capital to satisfy its present requirements for the next twelve months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

Over the years, the Company has been exploring the path of transforming from a traditional asset-heavy housing model to an asset-light model.

Due to the continuous widespread of the pandemic and the extreme shortage of housing supply, the housing sales in the USA peaked in 2021 for the past 15 years, and the average selling price for new houses increased by approximately 20%, with the fastest growth in the high-growth markets in the western and southern regions. In April 2021, the Group entered the markets of the states of Florida and Texas, and given the states of California and Arizona which have been our focus for long, Landsea Homes Incorporated sold 1,640 sets of residences in these four fast-growing markets in 2021, assisting in boosting the total revenue of the business in the USA to over the US\$1 billion. The rapid increase in selling prices has also offset the increase in raw material prices and the labour costs, resulting in a significant increase in profit margin.

The Company has been actively exploring more quality projects and new markets, continuing to deepen its strategic layout and improving its business landscape in the USA. The Target Company's development project is located in Central Florida and Orlando area. The Acquisition enables the Company to strategically expand its brand into in Central Florida and Orlando markets, and strengthen its market share in competitively priced homes in the USA.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's independent reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong.



INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF HANOVER FAMILY BUILDERS LLC AND ITS SUBSIDIARIES

The Directors
Landsea Green Management Limited

Introduction

We report on the historical financial information of HANOVER FAMILY BUILDERS LLC (the "**Target Company**") and its subsidiaries (hereinafter collectively referred to as the "**Target Group**") set out on pages II-5 to II-48, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2019, 2020 and 2021 and 31 May 2022, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Target Group for each of the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022 (the "**Relevant Periods**") and a summary of significant accounting policies and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-5 to II-48 forms an integral part of this report, which has been prepared for inclusion in the circular of Landsea Green Management Limited (the "**Company**") dated 30 November 2022 (the "**Circular**") in connection with the acquisition of the Target Company by the Company.

Director's responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depended on our judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Target Group's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Target Group's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical 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, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Target Group's consolidated financial position as at 31 December 2019, 2020 and 2021 and 31 May 2022 and of the Target Group's consolidated financial performance and consolidated cash flows for each of the Relevant Periods in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

Review of stub period comparative Historical Financial Information

We have reviewed the stub period comparative historical financial information of the Target Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the five months ended 31 May 2021 and other explanatory information (together the "**Stub Period Comparative Historical Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2400 "Engagement to Review Historical Financial

Statements” issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purpose of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in note 2 to the Historical Financial Information.

REPORT ON OTHER MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Distribution

We refer to note 13 to the Historical Financial Information which contains information about the distribution by the Target Company in respect of the Relevant Periods.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 30 November 2022

HISTORICAL FINANCIAL INFORMATION OF THE TARGET GROUP**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were prepared by the directors of the Target Company in accordance with the accounting policies that conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and were audited by Mazars USA LLP in accordance with auditing standard generally accepted in USA and in accordance with International Standard on Auditing issued by the Association of International Certified Professional Accountants and International Auditing and Assurance Standard Board respectively (the “**Underlying Financial Statements**”). No statutory financial statement were issued for the subsidiaries of the Target Group during the Relevant Periods.

The Historical Financial Information is presented in United States dollars (“**US\$**”), which is also the functional currency of the Target Company and all values are presented in US\$.

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Note	Year ended 31 December			Five months ended 31 May	
		2019 US\$	2020 US\$	2021 US\$	2021 US\$	2022 US\$
					(Unaudited)	
Revenue	5	156,682,073	160,713,196	208,115,193	73,571,976	134,366,925
Cost of sales		<u>(122,386,256)</u>	<u>(121,889,067)</u>	<u>(151,404,128)</u>	<u>(54,842,344)</u>	<u>(87,189,718)</u>
Gross profit		34,295,817	38,824,129	56,711,065	18,729,632	47,177,207
Other income	6	60,154	110,178	1,457,615	1,046,618	51,675
Depreciation of plant and equipment and rights-of-use assets		(19,181)	(25,107)	(23,205)	(10,313)	(16,449)
Construction supervisors expenses		(1,560,170)	(1,776,839)	(2,565,054)	(973,934)	(99,442)
Sales and marketing expenses		(13,029,129)	(13,320,393)	(15,451,803)	(6,042,803)	(12,150,696)
Administrative and other operating expenses		(5,703,191)	(7,333,892)	(8,995,323)	(3,718,046)	(4,991,458)
Finance costs	7	<u>(87,750)</u>	<u>(90,500)</u>	<u>(407,764)</u>	<u>(48,881)</u>	<u>(614,630)</u>
Profit before tax	8	13,956,550	16,387,576	30,725,531	8,982,273	29,356,207
Income tax expense	11	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit and total comprehensive income for the year/period		<u>13,956,550</u>	<u>16,387,576</u>	<u>30,725,531</u>	<u>8,982,273</u>	<u>29,356,207</u>
Profit and total comprehensive income for the year/period attributable to:						
Owners of the Target Company		13,795,658	16,299,157	30,725,531	8,982,273	29,356,207
Non-controlling interests		<u>160,892</u>	<u>88,419</u>	<u>—</u>	<u>—</u>	<u>—</u>
		<u>13,956,550</u>	<u>16,387,576</u>	<u>30,725,531</u>	<u>8,982,273</u>	<u>29,356,207</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		2021	At 31 May
		2019	2020	2021	2022
	Note	US\$	US\$	US\$	US\$
Non-current assets					
Plant and equipment	14	137,120	112,013	65,458	60,554
Right-of-use assets	15	—	—	—	32,325
Other receivables	17	—	1,435,522	349,629	1,962,217
		<u>137,120</u>	<u>1,547,535</u>	<u>415,087</u>	<u>2,055,096</u>
Current assets					
Inventories	16	55,502,709	79,292,696	146,726,021	166,159,312
Trade and other receivables	17	3,566,255	3,811,147	5,941,334	14,793,450
Bank balances and cash	18	1,467,379	1,527,680	6,975,619	16,191,610
		<u>60,536,343</u>	<u>84,631,523</u>	<u>159,642,974</u>	<u>197,144,372</u>
Current liabilities					
Trade and other payables	19	7,045,562	11,850,171	21,665,612	40,989,381
Note payables	20	—	—	6,291,026	—
Interest-bearing borrowings	21	1,500,000	1,500,000	5,000,000	—
Lease liabilities	22	—	—	—	29,675
		<u>8,545,562</u>	<u>13,350,171</u>	<u>32,956,638</u>	<u>41,019,056</u>
Net current assets		<u>51,990,781</u>	<u>71,281,352</u>	<u>126,686,336</u>	<u>156,125,316</u>
Total assets less current liabilities		<u>52,127,901</u>	<u>72,828,887</u>	<u>127,101,423</u>	<u>158,180,412</u>
Non-current liabilities					
Note payables	20	—	973,212	2,692,000	—
Interest-bearing borrowings	21	25,471,548	37,123,842	61,914,151	—
Lease liabilities	22	—	—	—	2,530
		<u>25,471,548</u>	<u>38,097,054</u>	<u>64,606,151</u>	<u>2,530</u>
NET ASSETS		<u>26,656,353</u>	<u>34,731,833</u>	<u>62,495,272</u>	<u>158,177,882</u>
Capital and reserves					
Equity attributable to owners of the Target Company		24,656,353	34,731,833	59,795,272	158,177,882
Non-controlling interests		2,000,000	—	2,700,000	—
TOTAL EQUITY		<u>26,656,353</u>	<u>34,731,833</u>	<u>62,495,272</u>	<u>158,177,882</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Target Company			Non-controlling interest US\$	Total US\$
	Share capital US\$ (Note i)	Member's Equity US\$	Accumulated profits (losses) US\$		
At 1 January 2019	—	15,000,000	513,716	—	15,513,716
Profit and total comprehensive income for the year	—	—	13,795,658	160,892	13,956,550
Transaction with owners:					
<i>Contributions and distributions</i>					
Distribution (note 13)	—	—	(4,653,021)	—	(4,653,021)
Distribution to non-controlling interest	—	—	—	(160,892)	(160,892)
Return of capital	—	—	—	(2,000,000)	(2,000,000)
Contribution from non-controlling interest	—	—	—	4,000,000	4,000,000
At 31 December 2019 and 1 January 2020	—	15,000,000	9,656,353	2,000,000	26,656,353
Profit and total comprehensive income for the year	—	—	16,299,157	88,419	16,387,576
Transaction with owners:					
<i>Contributions and distributions</i>					
Distribution (note 13)	—	—	(6,223,677)	—	(6,223,677)
<i>Change in ownership interests</i>					
Acquisition of non-controlling interest in a subsidiary	—	—	—	(2,088,419)	(2,088,419)
At 31 December 2020 and 1 January 2021	—	15,000,000	19,731,833	—	34,731,833
Profit and total comprehensive income for the year	—	—	30,725,531	—	30,725,531
Transaction with owners:					
<i>Contributions and distributions</i>					
Distribution (note 13)	—	—	(5,662,092)	—	(5,662,092)
Contribution from non-controlling interest	—	—	—	2,700,000	2,700,000

	Attributable to owners of the Target Company				Total US\$
	Share capital	Member's Equity	Accumulated profits (losses)	Non-controlling interest	
	US\$ (Note i)	US\$	US\$	US\$	
At 31 December 2021 and 1 January 2022	—	15,000,000	44,795,272	2,700,000	62,495,272
Profit and total comprehensive income for the period	—	—	29,356,207	—	29,356,207
Transaction with owners:					
<i>Contributions and distributions</i>					
Capital contribution	—	84,942,997	—	—	84,942,997
Distribution (note 13)	—	—	(15,916,594)	—	(15,916,594)
<i>Change in ownership interests</i>					
Disposal of non-controlling interest (note 23(c)(ii))	—	—	—	(2,700,000)	(2,700,000)
At 31 May 2022	<u>—</u>	<u>99,942,997</u>	<u>58,234,885</u>	<u>—</u>	<u>158,177,882</u>
(Unaudited)					
At 1 January 2021	—	15,000,000	19,731,833	—	34,731,833
Profit and total comprehensive income for the period	—	—	8,982,273	—	8,982,273
Transaction with owners:					
<i>Contribution and distribution</i>					
Distribution (note 13)	—	—	(2,789,283)	—	(2,789,283)
Contribution from non-controlling interest	—	—	—	2,700,000	2,700,000
At 31 May 2021	<u>—</u>	<u>15,000,000</u>	<u>25,924,823</u>	<u>2,700,000</u>	<u>43,624,823</u>

Note i: There were no share capital for limited liability company incorporated in Florida of USA.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended 31 December			Five months ended 31 May	
		2019 US\$	2020 US\$	2021 US\$	2021 US\$ (Unaudited)	2022 US\$
OPERATING ACTIVITIES						
Net cash generated from (used in) operations	23(a)	<u>2,965,673</u>	<u>(1,935,771)</u>	<u>(19,904,357)</u>	<u>(8,333,602)</u>	<u>(10,655,150)</u>
INVESTING ACTIVITIES						
Proceed from sale of property and equipment		—	—	23,350	—	—
Purchase of property and equipment		(49,984)	—	—	—	—
Net cash outflow from disposal of a subsidiary		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(316,121)</u>
Net cash (used in) generate from investing activities		<u>(49,984)</u>	<u>—</u>	<u>23,350</u>	<u>—</u>	<u>(316,121)</u>
FINANCING ACTIVITIES						
Debt issuance cost		(135,455)	(212,558)	(799,420)	(204,612)	—
Interest paid		(1,544,998)	(1,492,801)	(2,245,704)	(734,072)	—
New interest-bearing borrowing raised		80,418,612	96,053,058	123,172,745	42,757,577	—
Repayment of interest-bearing borrowing		(78,217,267)	(85,012,743)	(95,128,583)	(37,097,423)	(55,741,471)
New note payables raised		—	973,212	3,592,000	3,592,000	—
Repayment of note payables		—	—	(300,000)	—	(9,002,024)
Lease payments		—	—	—	—	(12,240)
Capital injection		—	—	—	—	84,942,997
Contribution from non-controlling interest		4,000,000	—	2,700,000	2,700,000	—
Return of capital		(2,000,000)	—	—	—	—
Net cash outflow from acquisition of non-controlling interests		—	(2,088,419)	—	—	—
Distribution to non-controlling shareholder		(160,892)	—	—	—	—
Distribution		<u>(4,653,021)</u>	<u>(6,223,677)</u>	<u>(5,662,092)</u>	<u>(2,789,283)</u>	<u>—</u>
Net cash (used in) generate from financing activities		<u>(2,293,021)</u>	<u>1,996,072</u>	<u>25,328,946</u>	<u>8,224,187</u>	<u>20,187,262</u>
Net increase (decrease) in cash and cash equivalents		622,668	60,301	5,447,939	(109,415)	9,215,991
Cash and cash equivalents at the beginning of the reporting period		<u>844,711</u>	<u>1,467,379</u>	<u>1,527,680</u>	<u>1,527,680</u>	<u>6,975,619</u>
Cash and cash equivalents at the end of the reporting period, represented by bank balances and cash		<u>1,467,379</u>	<u>1,527,680</u>	<u>6,975,619</u>	<u>1,418,265</u>	<u>16,191,610</u>

1. GENERAL INFORMATION

HANOVER FAMILY BUILDERS, LLC (the "**Target Company**") is a limited liability company incorporated in Florida of USA on 25 April 2017. The registered office and principal place of business of the Target Company are located at 2420 S Lakemont Avenue Suite 450, Orlando, FL 32814.

The principal activities of the Target Company and its subsidiaries are acquiring of developed lots in subdivisions and builds single family homes on them under fixed-price contracts in the Greater Orlando, Florida area.

In the opinion of the directors of the Target Company, from inception through 17 January 2022, the Target Company was 75% owned by SAM Building Partner, LLC ("**SBP**") and 25% owned by Edge Creek Ventures, LLC ("**Edge Creek**"), which companies incorporated under the laws of the State of Florida with limited liability and the ultimate controlling party is William Orosz (the "**Ultimate Controlling Party**").

During the year ended 31 December 2019, the Target Company setup Wiregrass Community Development, LLC ("**Wiregrass**") and PSH Partnership, LLC ("**PSH**") for new development projects. In the same year, two non-controlling investors contributed US\$2,000,000 for Wiregrass and PSH respectively. During the same year, the Target Company decided to discontinue Wiregrass and US\$2,000,000 contributed by the non-controlling investor of Wiregrass was returned.

During the year ended 31 December 2020, the Target Company acquired the non-controlling interests of PSH at a consideration of US\$2,088,419. Upon the acquisition, PSH became the wholly owned subsidiary of the Target Company.

During the year ended 31 December 2021, a contribution from a non-controlling investor of US\$2,700,000 was received for Cloud Development Partners, LLC ("**Cloud Development**").

On 18 January 2022, the Company has disposed five subsidiaries, including Cloud Development, to the Ultimate Controlling Party by a way of distribution. For details, please refer to note 23(c)(ii) to the Historical Financial Information. On the same date, SBP and Edge Creek transferred the entire equity interest of the Target Company to Landsea Homes of Florida, LLC ("**Landsea Homes**") at a consideration of US\$179,241,431 (the "**Acquisition**"). In addition, Landsea Homes have made capital contribution of US\$84,942,997 into the Target Group after the Acquisition. Landsea Homes is incorporated under the laws of the State of Florida with limited liability and is a non-wholly owned subsidiary of Landsea Green Management Limited, which shares are listed on The Stock Exchange of Hong Kong Limited. Upon completion of the transaction, the Target Company had become a wholly owned subsidiary of Landsea Homes.

As at the date of this report, the Target Company has direct and indirect interests in the following subsidiaries, all of which are private limited liability companies:

Name of subsidiary	Place and date of incorporation/operation	Proportion of ownership interest				As at the date of this report	Principal activities
		31 December 2019	31 December 2020	31 May 2021	31 May 2022		
Cloud Development	Florida of USA, 11 February 2021	—	—	51%	—	—	Develop and sell plots of land
Hanover Sorrento Springs, LLC	Florida of USA, 27 September 2016	100%	100%	100%	100%	100%	Develop and sell single homes
Hanover Sunrise Ridge, LLC	Florida of USA, 23 May 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Ardmore Phase III, LLC	Florida of USA, 27 July 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Bargrove, LLC	Florida of USA, 26 August 2020	—	100%	100%	—	—	Develop and sell single homes
HFB Beresford Woods, LLC	Florida of USA, 22 November 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Celery Avenue, LLC	Florida of USA, 15 January 2020	—	100%	100%	—	—	Develop and sell single homes
HFB Cypress Hammock, LLC	Florida of USA, 01 October 2020	—	100%	100%	100%	100%	Develop and sell single homes
HFB Cypress Oaks, LLC	Florida of USA, 23 August 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB First Place, LLC	Florida of USA, 22 July 2019	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Greenfield, LLC	Florida of USA, 19 February 2020	—	100%	100%	100%	100%	Develop and sell single homes
HFB Hammock Reserve, LLC	Florida of USA, 15 October 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Horse Creek, LLC	Florida of USA, 25 May 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Kentucky Square, LLC	Florida of USA, 25 January 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Lake Lincoln, LLC	Florida of USA, 18 December 2020	—	100%	100%	—	—	Develop and sell single homes
HFB Lakes, LLC	Florida of USA, 26 October 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Legacy Landings, LLC	Florida of USA, 02 February 2021	—	—	100%	—	—	Develop and sell single homes

Name of subsidiary	Place and date of incorporation/operation	Proportion of ownership interest				As at the date of this report	Principal activities
		31 December 2019	31 December 2020	2021	31 May 2022		
HFB Marion Ridge, LLC	Florida of USA, 1 December 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Orchid Terrace LLC	Florida of USA, 17 November 2019	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Overlook Reserve, LLC	Florida of USA, 23 August 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Pinewood Gardens, LLC	Florida of USA, 26 October 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Preservation Pointe, LLC	Florida of USA, 25 January 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Ridgeview, LLC	Florida of USA, 1 October 2020	—	100%	100%	100%	100%	Develop and sell single homes
HFB Sky Ventures, LLC	Florida of USA, 11 February 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Storey Creek, LLC	Delaware of USA, 1 February 2022	—	—	—	100%	100%	Develop and sell single homes
HFB Sunrise, LLC	Florida of USA, 23 August 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Trinity Lakes, LLC	Florida of USA, 1 September 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Trinity Place, LLC	Florida of USA, 22 November 2021	—	—	100%	100%	100%	Develop and sell single homes
HFB Williams Preserve, LLC	Florida of USA, 26 October 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Windsong, LLC	Florida of USA, 25 September 2017	100%	100%	100%	100%	100%	Develop and sell single homes
HFB Wiregrass Partner, LLC	Florida of USA, 17 June 2019	100%	100%	100%	100%	100%	Develop and sell single homes
PSH	Florida of USA, 28 November 2016	50% (Note)	100%	100%	100%	100%	Develop and sell plots of land
Thompson Road, LLC	Florida of USA, 25 February 2005	—	—	100%	100%	100%	Develop and sell single homes
Williams Preserve Phase III, LLC	Florida of USA, 20 September 2019	100%	100%	100%	100%	100%	Develop and sell single homes

Note: The Target Company is the manager and general partner of PSH and the Target Company has the practical ability to direct the relevant activities of PSH.

2. BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

This Historical Financial Information presents the financial track record of the Target Group for the year ended 31 December 2019, 2020 and 2021 and for the five months ended 31 May 2022 (the “**Relevant Periods**”) and is prepared for the purposes of inclusion in a circular of Landsea Green Management Limited (the “**Company**”) to its shareholders for the acquisition of the Target Company.

The Historical Financial Information was prepared by the directors of the Target Company, based on the Underlying Financial Statements of the Target Company for the Relevant Periods. In preparing the Historical Financial Information, no adjustments have been made to the Underlying Financial Statements by the directors of the Target Company.

The Historical Financial Information has been prepared based on the accounting policies set out in note 3 which conform with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The HKICPA has issued a number of new/revised HKFRSs during the Relevant Periods. For the purpose of the preparation of the Historical Financial Information, the Target Group has consistently adopted all HKFRSs that are relevant to its operations and are effective during the Relevant Periods. The Target Group has not adopted any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in note 3.

3. SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the Target Group in preparing the Historical Financial Information is set out below.

Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is historical cost.

Basis of consolidation

The Historical Financial Information comprise the financial statements of the Target Company and all of its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Target Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. The results of subsidiaries are consolidated from the date on which the Target Company obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Target Company, in the consolidated statement of profit and loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis.

Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Target Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Target Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in ownership interest

Changes in the Target Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Target Company.

When the Target Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

Subsidiaries

A subsidiary is an entity that is controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Target Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of plant and equipment over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Furniture, fixtures, and equipment	8 years
Vehicles and Watercraft	5 to 10 years
Computers equipment	3 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Financial instruments*Financial assets**Recognition and derecognition*

Financial assets are recognised when and only when the Target Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Target Group's contractual rights to future cash flows from the financial asset expire or (ii) the Target Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Target Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Target Group continues to recognise the financial asset.

If the Target Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Target Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

Classification and measurement

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income ("FVOCI"); (iii) equity investment measured at FVOCI; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Target Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Target Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

(1) Financial assets measured at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVPL:

- (i) it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Target Group's financial assets at amortised cost include trade and other receivables and bank balances and cash.

Financial liabilities

Recognition and derecognition

Financial liabilities are recognised when and only when the Target Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

Classification and measurement

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are directly attributable to the issue of the financial liabilities.

The Target Group's financial liabilities include trade and other payables, note payables, interest-bearing borrowings and lease liabilities. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

Impairment of financial assets and other items under HKFRS 9

The Target Group recognises loss allowances for expected credit losses ("ECL") on financial assets that are measured at amortised cost to which the impairment requirements apply in accordance with HKFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Target Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Target Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument while 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Where ECL is measured on a collective basis, the financial instruments are grouped based on the following one or more shared credit risk characteristics:

- (i) nature of financial instruments
- (ii) past-due information

Loss allowance is remeasured at each reporting date to reflect changes in the financial instrument's credit risk and loss since initial recognition. The resulting changes in the loss allowance are recognised as an impairment gain or loss in profit or loss with a corresponding adjustment to the carrying amount of the financial instrument.

Definition of default

The Target Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Target Group may not receive the outstanding contractual amounts in full if the financial asset that meets any of the following criteria:

- (i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Target Group, in full (without taking into account any collaterals held by the Target Group); or
- (ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Target Group considers that default has occurred when a financial asset is more than 90 days past due unless the Target Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Target Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Target Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Target Group.

Irrespective of the outcome of the above assessment, the Target Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Target Group has reasonable and supportable information to demonstrate otherwise.

Notwithstanding the foregoing, the Target Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Low credit risk

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in note 25 to the Historical Financial Information, bank balances are determined to have low credit risk.

Simplified approach of ECL

For trade receivables without a significant financing components or otherwise for which the Target Group applies the practical expedient not to account for the significant financing components, the Target Group applies a simplified approach in calculating ECL. The Target Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Write-off

The Target Group writes off a financial asset when the Target Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Target Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Target Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

Cash equivalents

For the purpose of the consolidated statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Revenue recognition

Revenue from contracts with customers within HKFRS 15

Nature of goods or services

The nature of the goods or services provided by the Target Group is acquiring of developed lots in subdivisions and build single family homes under fixed-price contracts.

Identification of performance obligations

At contract inception, the Target Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Target Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).

Timing of revenue recognition

Revenue is recognised when (or as) the Target Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Target Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Target Group's performance as the Target Group performs;
- (b) the Target Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Target Group's performance does not create an asset with an alternative use to the Target Group and the Target Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Target Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Target Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

The Target Group's home sale transactions are made pursuant to contracts under which typically have a single performance obligation to deliver a completed home to the homebuyer when closing conditions are met. Revenues from home sales are recognised when the Target Group has satisfied the performance obligation within the sales contract which ownership are transferred to the homebuyer on the closing dated. Little to no estimation is involved in recognising such revenue.

At closing, capitalised costs are charged to cost of revenues and customer deposits are applied to the home's purchase price. When a customer defaults on a home purchase agreement, the customer deposit is recognised as revenue in the period of the default. Costs incurred for selling, general, and administrative functions and costs associated with completed homes are expensed as incurred.

The Target Group periodically elects to sell parcels of land to third parties if the assets no longer fit the Target Group's strategic operating plans. Land sales are generally outright sales of specified land parcels with cash consideration due on the closing date, which is generally when performance obligations are satisfied.

Existence of significant financing component

In determining the transaction price, the Target Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Target Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Target Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Target Group adjusts for the promised amount of consideration for a significant financing component, the Target Group applies a discount rate that would be reflected in a separate financing transaction between the Target Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Target Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Target Group recognises such costs as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

The Target Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

Contract assets and contract liabilities

A contract asset represents the Target Group's right to consideration in exchange for goods or services that the Target Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Target Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Target Group's obligation to transfer goods or services to a customer for which the Target Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Inventories

Inventory, consisting of developed lots, model homes and home under construction, is carried at the lower of cost (based on a specific identification basis) or net realisable value. Cost includes the related land costs, development expenditures incurred and, where appropriate, borrowing costs capitalised.

Impairment of non-financial assets

At the end of each reporting period, the Target Group reviews internal and external sources of information to assess whether there is any indication that plant and equipment and the right-of-use assets may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss recognised as an income in profit or loss immediately.

Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Provisions

Provisions are recognised when the Target Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Target Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account/recognised as a deduction from the carrying amount of the relevant asset and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial fair value of the loan and the proceeds received.

Leases

The Target Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Target Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Amounts payable by the Target Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Target Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises:

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Target Group; and
- (d) an estimate of costs to be incurred by the Target Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any remeasurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset (unless the lease transfers ownership of the underlying asset to the Target Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Target Group will exercise a purchase option — in which case depreciation is provided over the estimated useful life of the underlying asset) as follows:

Office premise	2 years
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The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset, if any, during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Target Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Target Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Target Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Target Group remeasures the lease liability using a revised discount rate.

The Target Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Target Group recognises any remaining amount of the remeasurement in profit or loss.

Employee benefits

Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

Defined contribution plans

The obligations for contributions to a retirement plan of 401(k) plan in are recognised as expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Target Group in an independently administered fund.

Taxation

As a limited liability company, the Target Group's taxable income or loss is allocated to members in accordance with their respective percentage ownership. Therefore, no provision or liability for income taxes has been included in the Target Group's Historical Financial Information.

Related parties

A related party is a person or entity that is related to the Target Group.

- (a) A person or a close member of that person's family is related to the Target Group if that person:
 - (i) has control or joint control over the Target Group;
 - (ii) has significant influence over the Target Group; or
 - (iii) is a member of the key management personnel of the Target Group or of the holding company of the Target Group.

- (b) An entity is related to the Target Group if any of the following conditions applies:
 - (i) the entity and the Target Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group. If the Target Group is itself such a plan, the sponsoring employers are also related to the Target Group.
 - (vi) the entity is controlled or jointly controlled by a person identified in (a).
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Group or to the holding company of the Target Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the Historical Financial Information. They affect the application of the Target Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

Key sources of estimation uncertainty***(i) Impairment of non-financial assets***

The Target Group assesses whether there are any indicators of impairment for all non-financial assets, including plant and equipment and right-of-use assets, at the end of each reporting period in accordance with the accounting policies as disclosed in note 3 to the consolidated financial statements. In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the management has to assess whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. If any such indication exists, the recoverable amounts of the asset would be determined as the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. Owing to inherent risk associated with estimations in the timing and amounts of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from the amount actually received and profit or loss could be affected by accuracy of the estimations.

(ii) Loss allowance for ECL

The Target Group's management estimates the loss allowance for trade receivables and other assets by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Target Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade receivables and other assets.

(iii) Allowance for inventories

The Target Group's management reviews the condition of inventories at the end of each reporting period, and makes allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable. The Target Group carries out the inventory review on a product-by-product basis and makes allowances by reference to the latest market prices and current market conditions.

(iv) Application of labour and overhead costs

The Target Group's management's estimate of the application of labour and overhead costs is based on the valuation and allocation of applicable costs. Costs pools subject to allocation include direct labor as well as variable and fixed overhead expenses based on normal capacity.

(v) Construction warranty

The recognition and measurement of provision for product warranties is generally connected with estimate. The Target Group's management's estimate of construction warranties is based of review of past and anticipated future warranty and claim experience. Based on historical warranty claim experience, assumptions have to made on the type and extent of future warranty claims and customer goodwill. The provisions are regularly adjusted to reflect new information.

Future changes in HKFRSs

At the date of approving the Historical Financial Information, the HKICPA has issued the following new/revised HKFRSs that are relevant to the Target Group but not yet effective for the Relevant Periods, which the Target Group has not early adopted:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ^[1]
Amendments to HKAS 1	Disclosure of Accounting Policies ^[1]
Amendments to HKAS 8	Definition of Accounting Estimates ^[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ^[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ^[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ^[3]

^[1] Effective for annual periods beginning on or after 1 January 2023

^[2] Effective for annual periods beginning on or after 1 January 2024

^[3] The effective date to be determined

The management of the Target Group does not anticipate that the adoption of the new/revised HKFRSs in future periods will have any material impact on the Target Group's Historical Financial Information.

4. SEGMENT INFORMATION

The Target Group is principally engaged in acquiring developed lots in subdivisions and builds single homes under fixed-price contracts. Information reported to the directors of the Target Company, being the chief operating decision-maker, for the purposes of resources allocation and assessment of performance focuses specifically on the revenue analysis by principal categories of the Target Group's business and the profit or loss of the Target Group as a whole.

The directors of the Target Company regards the Target Group's business as a single operating segment and review the financial statements accordingly. As the Target Group has only one operating segment qualified as reporting segment under HKFRS 8 and the information that regularly reviewed by the directors of the Target Company for the purposes of allocating resources and assessing performance of the operating segment is the financial statements of the Target Group, no separate segmental analysis is presented in the Historical Financial Information. The directors assess the performance based on profit or loss before taxation of the Target Group. Total assets and total liabilities are measured in a manner consistent with that in the consolidated statements of financial position.

5. REVENUE

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US\$	US\$	US\$	US\$	US\$
				(Unaudited)	
Revenue from contracts with customers within HKFRS 15					
Sales of single homes	152,514,023	160,713,196	208,115,193	73,571,976	134,366,925
Sales of land	4,168,050	—	—	—	—
Revenue recognised at point in time	<u>156,682,073</u>	<u>160,713,196</u>	<u>208,115,193</u>	<u>73,571,976</u>	<u>134,366,925</u>

All revenue was generated in USA and no single customer contributes over 10% of Target Group's revenue during the Relevant Period.

6. OTHER INCOME

	Year ended 31 December			Five months ended 31 May	
	2019 US\$	2020 US\$	2021 US\$	2021 US\$ (Unaudited)	2022 US\$
Interest income	40,519	6,640	8,146	7,932	2,051
Forgiveness of note payable (Note 20(i))	—	—	973,212	973,212	—
Employee retention tax credit (Note i)	—	—	396,048	—	—
Others	19,635	103,538	80,209	65,474	49,624
	<u>60,154</u>	<u>110,178</u>	<u>1,457,615</u>	<u>1,046,618</u>	<u>51,675</u>

Note:

- (i) The amount represents the Employee Retention Tax Credit (“ERTC”) issued by the US Treasury Department during the year. The ERTC scheme provides the refundable tax credit, which is 50% of up to US\$10,000 of qualified wages per employee, to encourage employers to keep employees on their payroll to overcome the COVID-19 pandemic.

7. FINANCE COSTS

	Year ended 31 December			Five months ended 31 May	
	2019 US\$	2020 US\$	2021 US\$	2021 US\$ (Unaudited)	2022 US\$
Interest expenses on:					
— Lease liabilities	—	—	—	—	575
— Note payables	—	—	407,764	48,881	18,998
— Bank and other borrowings	1,990,660	2,021,580	2,491,465	734,072	2,257,709
	<u>1,990,660</u>	<u>2,021,580</u>	<u>2,899,229</u>	<u>782,953</u>	<u>2,277,282</u>
Less: Borrowing costs capitalised in properties under development	(1,902,910)	(1,931,080)	(2,573,095)	(734,072)	(1,663,227)
	87,750	90,500	326,134	48,881	614,055
Other finance costs	—	—	81,630	—	575
	<u>87,750</u>	<u>90,500</u>	<u>407,764</u>	<u>48,881</u>	<u>614,630</u>

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation for the year ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2021 and 2022 is 7.1%, 4.9%, 3.4%, 1.6% and 2.4% respectively.

8. PROFIT BEFORE TAX

This is stated after charging:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US\$	US\$	US\$	US\$	US\$
				(Unaudited)	
(a) Staff costs (including directors' remuneration):					
Salaries, allowances and other benefits in kind	5,687,254	6,200,405	8,081,401	3,004,612	3,600,498
Discretionary bonus	1,346,519	2,278,155	3,114,534	1,314,335	2,212,577
Taxes and benefits	487,272	532,466	537,154	260,833	323,391
Contributions to defined contribution plans	—	—	188,489	87,129	112,727
	<u>7,521,045</u>	<u>9,011,026</u>	<u>11,921,578</u>	<u>4,666,909</u>	<u>6,249,193</u>
(b) Other items					
Auditor's remuneration	59,184	55,290	92,993	26,750	80,250
Cost of inventories (<i>Note</i>)	118,121,320	121,332,552	150,426,446	54,654,330	86,940,182
Depreciation					
— Plant and equipment	19,181	25,107	23,205	10,313	4,904
— Right-of-use assets	—	—	—	—	11,545
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,545</u>

Note: The cost of inventories includes subcontracting cost, staff cost and land under construction.

9. DIRECTORS' EMOLUMENT

The amounts of remuneration received and receivable by the directors of the Target Company during the Relevant Periods are set out below.

Year ended 31 December 2019

	Director's fees	Salaries, allowances and other benefits in kind	Discretionary bonus	Contributions to defined contribution plans	Total
	US\$	US\$	US\$	US\$	US\$
Franks, William C.	—	275,779	123,750	—	399,529
Orosz, Andrew	—	195,941	86,250	—	282,191
Orosz, John M.	—	240,845	107,813	—	348,658
Orosz, Stephen W.	—	240,941	107,813	—	348,754
	<u>—</u>	<u>953,506</u>	<u>425,626</u>	<u>—</u>	<u>1,379,132</u>

Year ended 31 December 2020

	Director's fees US\$	Salaries, allowances and other benefits in kind US\$	Discretionary bonus US\$	Contributions to defined contribution plans US\$	Total US\$
Franks, William C.	—	291,466	130,000	—	421,466
Orosz, Andrew	—	217,011	182,000	—	399,011
Orosz, John M.	—	316,532	311,250	—	627,782
Orosz, Stephen W.	—	316,627	311,250	—	627,877
	—	1,141,636	934,500	—	2,076,136

Year ended 31 December 2021

	Director's fees US\$	Salaries, allowances and other benefits in kind US\$	Discretionary bonus US\$	Contributions to defined contribution plans US\$	Total US\$
Franks, William C.	—	300,524	279,125	6,031	585,680
Orosz, Andrew	—	367,819	479,000	9,600	856,419
Orosz, John M.	—	467,340	1,245,000	8,160	1,720,500
Orosz, Stephen W.	—	467,819	1,245,000	8,111	1,720,930
	—	1,603,502	3,248,125	31,902	4,883,529

Five months ended 31 May 2021 (Unaudited)

	Director's fees US\$	Salaries, allowances and other benefits in kind US\$	Discretionary bonus US\$	Contributions to defined contribution plans US\$	Total US\$
Franks, William C.	—	125,219	137,500	4,771	267,490
Orosz, Andrew	—	153,258	29,000	3,590	185,848
Orosz, John M.	—	194,725	45,000	7,400	247,125
Orosz, Stephen W.	—	194,925	45,000	6,186	246,111
	—	668,127	256,500	21,947	946,574

Five months ended 31 May 2022

	Director's fees <i>US\$</i>	Salaries, allowances and other benefits in kind <i>US\$</i>	Discretionary bonus <i>US\$</i>	Contributions to defined contribution plans <i>US\$</i>	Total <i>US\$</i>
Franks, William C.	—	—	—	—	—
Orosz, Andrew	—	—	—	—	—
Orosz, John M.	—	205,743	—	7,481	213,224
Orosz, Stephen W.	—	205,743	—	7,681	213,424
	<u>—</u>	<u>411,486</u>	<u>—</u>	<u>15,162</u>	<u>426,648</u>

Franks, William C. was appointed as a director of the Target Company on 21 August 2017 and resigned on 30 June 2022.

Orosz, Andrew was appointed as a director of the Target Company on 21 August 2017 and resigned on 15 July 2022.

Orosz, John M. was appointed as a director of the Target Company on 21 August 2017 and resigned on 15 July 2022.

Orosz, Stephen W. was appointed as a director of the Target Company on 21 August 2017 and resigned on 15 July 2022.

The directors' emolument shown above were for their services in connection with the management of the affairs of the Target Group.

During the Relevant Periods, no emoluments were paid by the Target Group to directors as an inducement to join or upon joining the Target Group, or as a compensation for loss of office. There was no arrangement under which the sole director waived or agreed to waive any remuneration during the Relevant Periods.

10. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the Relevant Periods is as follows:

	Number of individuals				
	Year ended 31 December 2019	2020	2021	Five months ended 31 May 2021 (Unaudited)	2022
Director	4	4	4	4	2
Non-director	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>3</u>
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

Details of the remuneration of the above highest paid non-director are as follows:

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US\$	US\$	US\$	US\$	US\$
Salaries, allowances and other benefits in kind	307,222	264,849	396,312	222,238	627,327
Contributions to defined contribution plans	<u>13,660</u>	<u>12,961</u>	<u>16,367</u>	<u>12,276</u>	<u>36,726</u>
	<u><u>320,882</u></u>	<u><u>277,810</u></u>	<u><u>412,679</u></u>	<u><u>234,514</u></u>	<u><u>664,053</u></u>

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Number of individuals				
	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
HK\$1,500,001 to HK\$2,000,000	—	—	—	1	3
HK\$2,000,001 to HK\$2,500,000	1	1	—	—	—
HK\$3,000,001 to HK\$3,500,000	<u>—</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>—</u>

During the Relevant Periods, no remuneration was paid by the Target Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Target Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the Relevant Periods.

11. INCOME TAX EXPENSE

Corporate income Tax has not been provided as the Target Group's taxable income is allocated to members in accordance with their respective percentage ownership.

12. EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful.

13. DISTRIBUTION TO MEMBERS

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US\$	US\$	US\$	US\$	US\$
Distribution declared by the Target Company	<u>4,653,021</u>	<u>6,223,677</u>	<u>5,662,092</u>	<u>2,789,283</u>	<u>15,916,594</u>

14. PLANT AND EQUIPMENT

	Furniture, fixtures, and equipment <i>US\$</i>	Vehicles and watercraft <i>US\$</i>	Computer equipment <i>US\$</i>	Total <i>US\$</i>
Reconciliation of carrying amount				
— year ended 31 December 2019				
At 1 January 2019	74,584	27,592	4,141	106,317
Additions	6,876	43,108	—	49,984
Depreciation	(11,379)	(6,027)	(1,775)	(19,181)
At 31 December 2019	<u>70,081</u>	<u>64,673</u>	<u>2,366</u>	<u>137,120</u>
Reconciliation of carrying amount				
— year ended 31 December 2020				
At 1 January 2020	70,081	64,673	2,366	137,120
Depreciation	(11,916)	(11,416)	(1,775)	(25,107)
At 31 December 2020	<u>58,165</u>	<u>53,257</u>	<u>591</u>	<u>112,013</u>
Reconciliation of carrying amount				
— year ended 31 December 2021				
At 1 January 2021	58,165	53,257	591	112,013
Disposal	—	(23,350)	—	(23,350)
Depreciation	(11,916)	(10,698)	(591)	(23,205)
At 31 December 2021	<u>46,249</u>	<u>19,209</u>	<u>—</u>	<u>65,458</u>
Reconciliation of carrying amount				
— five months ended 31 May 2022				
At 1 January 2022	46,249	19,209	—	65,458
Depreciation	(3,973)	(931)	—	(4,904)
At 31 May 2022	<u>42,276</u>	<u>18,278</u>	<u>—</u>	<u>60,554</u>

	Furniture, fixtures, and equipment <i>US\$</i>	Vehicles and watercraft <i>US\$</i>	Computer equipment <i>US\$</i>	Total <i>US\$</i>
At 31 December 2019				
Cost	95,331	71,049	5,324	171,704
Accumulated depreciation	<u>(25,250)</u>	<u>(6,376)</u>	<u>(2,958)</u>	<u>(34,584)</u>
	<u>70,081</u>	<u>64,673</u>	<u>2,366</u>	<u>137,120</u>
At 31 December 2020				
Cost	95,331	71,049	5,324	171,704
Accumulated depreciation	<u>(37,166)</u>	<u>(17,792)</u>	<u>(4,733)</u>	<u>(59,691)</u>
	<u>58,165</u>	<u>53,257</u>	<u>591</u>	<u>112,013</u>
At 31 December 2021				
Cost	95,331	27,941	5,324	128,596
Accumulated depreciation	<u>(49,082)</u>	<u>(8,732)</u>	<u>(5,324)</u>	<u>(63,138)</u>
	<u>46,249</u>	<u>19,209</u>	<u>—</u>	<u>65,458</u>
At 31 May 2022				
Cost	95,331	27,941	5,324	128,596
Accumulated depreciation	<u>(53,055)</u>	<u>(9,663)</u>	<u>(5,324)</u>	<u>(68,042)</u>
	<u>42,276</u>	<u>18,278</u>	<u>—</u>	<u>60,554</u>

15. RIGHT-OF-USE ASSETS

	Office premise US\$
Cost	
At 1 January 2019, 31 December 2019, 2020 and 2021, and 1 January 2022	—
Additions	<u>43,870</u>
At 31 May 2022	<u><u>43,870</u></u>
Accumulated depreciation	
At 1 January 2019, 31 December 2019, 2020 and 2021, and 1 January 2022	—
Depreciation	<u>11,545</u>
At 31 May 2022	<u><u>11,545</u></u>
	Office premise US\$
Carrying values	
At 31 December 2019	<u><u>—</u></u>
At 31 December 2020	<u><u>—</u></u>
At 31 December 2021	<u><u>—</u></u>
At 31 May 2022	<u><u>32,325</u></u>

16. INVENTORIES

	At 31 December		At 31 May	
	2019	2020	2021	2022
	US\$	US\$	US\$	US\$
Raw materials	15,094,789	28,950,455	58,327,651	66,524,651
Work-in-progress	27,463,094	37,748,840	80,535,862	90,720,458
Finished goods	<u>12,944,826</u>	<u>12,593,401</u>	<u>7,862,508</u>	<u>8,914,203</u>
	<u><u>55,502,709</u></u>	<u><u>79,292,696</u></u>	<u><u>146,726,021</u></u>	<u><u>166,159,312</u></u>

No write down of inventories were recognised during the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022. All the balance are expected to realise within one year.

17. TRADE AND OTHER RECEIVABLES

	Note	At 31 December			At 31 May
		2019 US\$	2020 US\$	2021 US\$	2022 US\$
Trade receivables from third parties		18,544	25,548	25,548	32,174
Less: Loss allowance		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
		18,544	25,548	25,548	32,174
Other receivables					
Deposits	(a)	2,920,238	3,950,477	3,340,369	15,344,579
Other receivables		546,973	1,160,350	2,538,365	948,690
Prepayment		<u>80,500</u>	<u>110,294</u>	<u>386,681</u>	<u>430,224</u>
		3,566,255	5,246,669	6,290,963	16,755,667
Less: Non-current portion	(b)	<u>—</u>	<u>(1,435,522)</u>	<u>(349,629)</u>	<u>(1,962,217)</u>
Current portion		<u>3,566,255</u>	<u>3,811,147</u>	<u>5,941,334</u>	<u>14,793,450</u>

Information about the Target Group's exposure to credit risks and loss allowance for other receivables is included in note 25 to the Historical Financial Information.

(a) Balance of US\$2,770,679, US\$3,654,924, US\$2,958,636 and US\$14,068,140 included in years end of 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022 are land deposits, which primarily consist of funds remitted to third parties as down payments to be used towards future purchases of developed lots. The Target Group has the contractual rights to purchase and develop single family homes on. The deposits are used on a pro-rata basis towards the purchase price of acquired lots in accordance with the respective contracts' terms and conditions.

(b) The balances represent land deposits which are expected to be recovered over 1 year.

18. BANK BALANCES AND CASH

	At 31 December			At 31 May
	2019 US\$	2020 US\$	2021 US\$	2022 US\$
As stated in the consolidated statement of cash flows	<u>1,467,379</u>	<u>1,527,680</u>	<u>6,975,619</u>	<u>16,191,610</u>

Cash at banks earn interest at floating rates based on daily bank deposit rates. Bank overdrafts bear interest at prevailing market rate.

19. TRADE AND OTHER PAYABLES

	Note	At 31 December		At 31 May	
		2019 US\$	2020 US\$	2021 US\$	2022 US\$
Trade payables	(a)	3,132,138	5,372,405	8,905,076	6,301,564
Other payables					
Contract liabilities	(b)	2,264,120	3,101,720	11,048,795	16,603,164
Accruals		60,621	190,500	192,838	258,331
Salaries and allowances payables		1,271,984	1,989,344	1,033,382	2,931,655
Provision of warranties	(c)	316,699	364,144	485,521	546,570
Due to related party	(d)	—	832,058	—	—
Due to immediate holding company	(d)	—	—	—	14,348,097
		<u>3,913,424</u>	<u>6,477,766</u>	<u>12,760,536</u>	<u>34,687,817</u>
		<u>7,045,562</u>	<u>11,850,171</u>	<u>21,665,612</u>	<u>40,989,381</u>

Note:

(a) Trade payables

The Target Group's credit terms on purchase of goods are 15 to 30 days.

At the end of each reporting period, the ageing analysis of the trade payables by invoice date and due date are as follows:

	At 31 December		At 31 May	
	2019 US\$	2020 US\$	2021 US\$	2022 US\$
Within 30 days	3,132,138	4,975,055	8,135,152	6,107,128
31 to 60 days	—	90,008	42,440	121,094
61 to 90 days	—	—	62,578	58,653
Over 90 days	—	307,342	664,906	14,689
	<u>3,132,138</u>	<u>5,372,405</u>	<u>8,905,076</u>	<u>6,301,564</u>

(b) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the Relevant Periods are as follows:

	Year ended 31 December			Five months ended
	2019	2020	2021	31 May
	US\$	US\$	US\$	2022
At the beginning of the reporting period	2,383,775	2,264,120	3,101,720	11,048,795
Recognised as revenue	(2,383,775)	(2,264,120)	(3,101,720)	(9,324,164)
Receipt of advances or recognition of receivables	<u>2,264,120</u>	<u>3,101,720</u>	<u>11,048,795</u>	<u>14,878,533</u>
At the end of the reporting period	<u><u>2,264,120</u></u>	<u><u>3,101,720</u></u>	<u><u>11,048,795</u></u>	<u><u>16,603,164</u></u>

The Target Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

(c) Provision of warranty

	Year ended 31 December			Five months ended
	2019	2020	2021	31 May
	US\$	US\$	US\$	2022
At the beginning of the reporting period	187,160	316,699	364,144	485,521
Provision for the year/period, net	400,500	675,551	1,102,106	1,225,980
Amount utilised	<u>(270,961)</u>	<u>(628,106)</u>	<u>(980,729)</u>	<u>(1,164,931)</u>
	<u><u>316,699</u></u>	<u><u>364,144</u></u>	<u><u>485,521</u></u>	<u><u>546,570</u></u>

The provision of warranty represents management's best estimate of the Target Group's liability under 12 months warranties granted on home sales, based on prior experience and industry averages for defective products. The provisions are expected to be substantially utilised in next year.

(d) Due to related party/immediate holding company

The amounts due are unsecured, interest-free and have no fixed repayment term. The related party is a company controlled by the Ultimate Controlling Party.

20. NOTES PAYABLES

	Note	At 31 December		2021 US\$	At 31 May 2022 US\$
		2019 US\$	2020 US\$		
PPP note payable	(i)	—	973,212	—	—
Note payable	(ii)	—	—	3,292,000	—
Related party note payable	(iii)	—	—	5,691,026	—
Note payable		—	973,212	8,983,026	—
Total note payables are repayable as follows:					
Repayable immediate or within one year		—	—	6,291,026	—
Repayable over 1 year		—	973,212	2,692,000	—
		—	973,212	8,983,026	—

Note:

- (i) For the balance for the year ended 31 December 2020, the Target Group entered into a note payable agreement pursuant to the Coronavirus Aid, Relief, and Economic Security Act's ("CARES Act") Payback Protection Program ("PPP") under American Momentum Bank totalling US\$973,212. The note bears interest at a rate of 1% per annum and required repayment in two years. In January 2021, the loan was forgiven based on the terms in PPP. The income from the forgiveness of this note payable of US\$973,212 which is included in other income for the year ended 31 December 2021.
- (ii) The amount represents the note payables related to a purchase of land in February 2021. The amount bears interest at an interest rate of 4.5% per annum, secured by land and will be matured in August 2023. The balance was repaid in January 2022.
- (iii) The amount represents the note payables agreement entered with a related party, which is controlled by the Ultimate Controlling Party, in related to purchase of land in July 2021. The amount bears interest at an interest rate of 6% per annum and will be repayable within one year. The balance was repaid in January 2022.

21. INTEREST-BEARING BORROWINGS

At the end of each reporting period, the details of the bank borrowings of the Target Group are as follows:

	At 31 December			At 31 May
	2019	2020	2021	2022
	US\$	US\$	US\$	US\$
Interest-bearing borrowings				
Secured (<i>Note a</i>)	25,471,548	37,123,842	61,914,151	—
Unsecured (<i>Note b</i>)	<u>1,500,000</u>	<u>1,500,000</u>	<u>5,000,000</u>	<u>—</u>
	<u>26,971,548</u>	<u>38,623,842</u>	<u>66,914,151</u>	<u>—</u>
Total borrowings are repayable as follows:				
Repayable immediate or within one year	1,500,000	1,500,000	5,000,000	—
Repayable over 1 year	<u>25,471,548</u>	<u>37,123,842</u>	<u>61,914,151</u>	<u>—</u>
	<u>26,971,548</u>	<u>38,623,842</u>	<u>66,914,151</u>	<u>—</u>
Fixed rate borrowings	1,500,000	1,500,000	5,000,000	—
Floating rate borrowings	<u>25,471,548</u>	<u>37,123,842</u>	<u>61,914,151</u>	<u>—</u>
	<u>26,971,548</u>	<u>38,623,842</u>	<u>66,914,151</u>	<u>—</u>

Note:

- (a) The balances carried at variable interest rate ranging from Prime plus 0.5% to 0.75% and London Inter-Bank Offered Rate plus 0.45% to 4.25% per annum and repayable on the respective maturity dates in 2022 to 2024 for the years ended 31 December 2019, 2020 and 2021. All the balances are repaid in January 2022.
- (b) The balances are from related parties, which are controlled by the Ultimate Controlling Party, which carried at fixed rate and are repayable on demand for the years ended 31 December 2019, 2020 and 2021. All the balances are repaid in January 2022.

Details of the pledges are set out in note 24 to the Historical Financial Information.

The maturity terms of the interest-bearing borrowings based on repayment schedule pursuant to the loan facility letters (ignoring the effect of any repayment on demand clause, if any) are as follows:

	At 31 December			At 31 May
	2019	2020	2021	2022
	US\$	US\$	US\$	US\$
On demand or within one year	1,500,000	1,500,000	5,000,000	—
In the second year	—	2,932,805	53,014,356	—
In the third to fifth years inclusive	<u>25,471,548</u>	<u>34,191,037</u>	<u>8,899,795</u>	<u>—</u>
	<u>26,971,548</u>	<u>38,623,842</u>	<u>66,914,151</u>	<u>—</u>

22. LEASE LIABILITIES

	At 31 December			At 31 May
	2019 US\$	2020 US\$	2021 US\$	2022 US\$
Right-of-use assets (Note 15)				
Leased property	—	—	—	32,325
Lease liabilities				
Current	—	—	—	29,675
Non-current	—	—	—	2,530
	—	—	—	32,205

The Target Group had the following amounts relating to leases during the Relevant Periods which have been recognised in profit or loss:

	Year ended 31 December			Five months ended 31 May	
	2019 US\$	2020 US\$	2021 US\$	2021 US\$	2022 US\$
				(Unaudited)	
Imputed interest in lease liabilities (Note 7)	—	—	—	—	575
Depreciation charge of right-of-use assets (Note 15)	—	—	—	—	11,545

The Target Group leases an office premise for its daily operations with lease term of 2 years. The lease provides the Target Group with an option to renew the lease for 3 years by giving a notice to landlord in writing for 6 months before the expiration of lease term. The lease also provides the Target Group with an option to terminate the lease at any time by giving a notice to the landlord. The interest expenses on lease liabilities are set out in note 7 to the Historical Financial Information.

The lease also imposes a restriction that, unless the approval is obtained from the lessor, the right-of-use asset can only be used by the Target Group and the Target Group is prohibited from selling or pledging the underlying assets.

The Target Group has recognised the following amounts during the Relevant Periods:

	Year ended 31 December			Five months ended 31 May	
	2019 US\$	2020 US\$	2021 US\$	2021 US\$	2022 US\$
Lease payments:				(Unaudited)	
Short-term leases/Leases of low-value assets	<u>68,620</u>	<u>160,409</u>	<u>184,588</u>	<u>66,394</u>	<u>21,359</u>
Expenses recognised in profit or loss	<u>68,620</u>	<u>160,409</u>	<u>184,588</u>	<u>66,394</u>	<u>21,359</u>
Lease payment on lease liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,240</u>
Total cash outflows for leases	<u>68,620</u>	<u>160,409</u>	<u>184,588</u>	<u>66,394</u>	<u>33,599</u>

At 31 May 2022, the weighted average discount rate applied was 3.75% per annum.

Commitments and present value of lease liabilities:

	Minimum lease payments At 31 May 2022 US\$	Present value of minimum lease payments At 31 May 2022 US\$
Amounts payable:		
Within 1 year	30,283	29,675
More than 1 year but within 2 years	<u>2,530</u>	<u>2,530</u>
	32,813	<u>32,205</u>
Less: future finance charges	<u>(608)</u>	
Total lease liabilities	<u>32,205</u>	

23. ADDITIONAL INFORMATION ON CASH FLOWS

23(a) Cash generated from (used in) operations

	Year ended 31 December			Five months ended 31 May	
	2019	2020	2021	2021	2022
	US\$	US\$	US\$	US\$	US\$
	(Unaudited)				
Profit before tax	13,956,550	16,387,576	30,725,531	8,982,273	29,356,207
Adjustments for:					
Depreciation for plant and equipment	19,181	25,107	23,205	10,313	4,904
Amortisation of right-of-use assets	—	—	—	—	11,545
Amortisation of deferred financing costs	512,612	295,758	392,042	131,568	594,877
Finance cost	87,750	90,500	326,134	48,881	614,055
Forgiveness of note payables	—	—	(973,212)	(973,212)	—
Changes in working capital:					
Inventories	(9,650,366)	(21,858,907)	(59,169,204)	(17,396,991)	(49,782,548)
Trade and other receivables	(2,555,942)	(1,680,414)	(1,044,294)	(105,352)	(12,071,102)
Accrual and other payables	595,888	4,804,609	9,815,441	968,918	20,616,912
Cash generated from (used in) operations	<u>2,965,673</u>	<u>(1,935,771)</u>	<u>(19,904,357)</u>	<u>(8,333,602)</u>	<u>(10,655,150)</u>

23(b) Reconciliation of liabilities arising from financing activities

The movements during the Relevant Periods in the Target Group's liabilities arising from financing activities are as follows:

Year ended 31 December 2019

	At 1 January 2019	Net cash flows	Accrued interest expenses	Amortisation of debt issuance costs	At 31 December 2019
	US\$	US\$	US\$	US\$	US\$
Interest-bearing borrowing	<u>23,947,384</u>	<u>520,892</u>	<u>1,990,660</u>	<u>512,612</u>	<u>26,971,548</u>

Year ended 31 December 2020

	At 1 January 2020 US\$	Net cash flows US\$	Accrued interest expenses US\$	Amortisation of debt issuance costs US\$	At 31 December 2020 US\$
Note payables	—	973,212	—	—	973,212
Interest-bearing borrowing	<u>26,971,548</u>	<u>9,334,956</u>	<u>2,021,580</u>	<u>295,758</u>	<u>38,623,842</u>
	<u>26,971,548</u>	<u>10,308,168</u>	<u>2,021,580</u>	<u>295,758</u>	<u>39,597,054</u>

Year ended 31 December 2021

	At 1 January 2021 US\$	Net cash flows US\$	Accrued interest expenses US\$	Inventories purchase with related party US\$ (Note 23 (c)(i))	Amortisation of debt issuance costs US\$	Forgiveness of PPP loan US\$ (Note 20(i))	At 31 December 2021 US\$
Note payables	973,212	2,884,236	407,764	5,691,026	—	(973,212)	8,983,026
Interest-bearing borrowing	<u>38,623,842</u>	<u>25,406,802</u>	<u>2,491,465</u>	<u>—</u>	<u>392,042</u>	<u>—</u>	<u>66,914,151</u>
	<u>39,597,054</u>	<u>28,291,038</u>	<u>2,899,229</u>	<u>5,691,026</u>	<u>392,042</u>	<u>(973,212)</u>	<u>75,897,177</u>

Five months ended 31 May 2021 (unaudited)

	At 1 January 2021 US\$	Net cash flows US\$	Accrued interest expenses US\$	Amortisation of debt issuance costs US\$	Forgiveness of PPP loan US\$ (Note 20(i))	At 31 May 2021 US\$
Note payables	973,212	3,543,119	48,881	—	(973,212)	3,592,000
Interest-bearing borrowing	<u>38,623,842</u>	<u>4,770,351</u>	<u>734,072</u>	<u>131,568</u>	<u>—</u>	<u>44,259,833</u>
	<u>39,597,054</u>	<u>8,313,470</u>	<u>782,953</u>	<u>131,568</u>	<u>(973,212)</u>	<u>47,851,833</u>

Five months ended 31 May 2022

	At 1 January 2022 US\$	Net cash flows US\$	Accrued interest expenses US\$	Amortisation of debt issuance costs US\$	Additions of lease US\$	Disposal of subsidiaries US\$ (Note 23 (c)(ii))	At 31 May 2022 US\$
Note payables	8,983,026	(9,002,024)	18,998	—	—	—	—
Lease liabilities	—	(12,240)	575	—	43,870	—	32,205
Interest-bearing borrowing	<u>66,914,151</u>	<u>(55,741,471)</u>	<u>2,257,709</u>	<u>594,877</u>	<u>—</u>	<u>(14,025,266)</u>	<u>—</u>
	<u>75,897,177</u>	<u>(64,755,735)</u>	<u>2,277,282</u>	<u>594,877</u>	<u>43,870</u>	<u>(14,025,266)</u>	<u>32,205</u>

23(c) Non-cash transaction

- (i) During the year ended 31 December 2021, the proceed from the related party note payable of US\$5,691,026, as detailed in note 20(iii) to the Historical Financial Information, was resulted from the purchase of land.
- (ii) On 18 January 2022, the Company has disposed five subsidiaries to the Ultimate Controlling Party by a way of distribution. The net assets of the disposed subsidiaries at the date of disposal were as follows:

	US\$
Bank balance and cash	316,121
Inventories	32,012,484
Other assets	1,606,398
Account payables	(1,293,143)
Other interest-bearing borrowing	<u>(14,025,266)</u>
Net assets	18,616,594
Non controlling interest	<u>(2,700,000)</u>
	<u>15,916,594</u>
	US\$
Disposal of subsidiaries by distribution (<i>Note 13</i>)	<u>15,916,594</u>
	US\$
Bank balance and cash disposed	<u>316,121</u>

24. BANKING FACILITIES

As at 31 December 2019, 2020 and 2021 and 31 May 2022, the Target Group had banking facilities totaling approximately US\$48,658,884, US\$72,692,082, US\$116,284,705 and US\$Nil respectively granted by financial institutions in USA. These banking facilities are secured by lands and improvements which are included in inventories at the end of each reporting periods. As at 31 December 2019, 2020 and 2021 and 31 May 2022, the Target Group had undrawn amounts under these banking facilities of approximately US\$21,687,336, US\$34,068,240, US\$49,370,554 and US\$Nil respectively.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments comprise of bank balances and cash, note payables and interest-bearing borrowings. The main purpose of these financial instruments is to raise and maintain finance for the Target Group's operations. The Target Group has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its business activities.

The main risks arising from the Target Group's financial instruments are credit risk, liquidity risk and interest rate risk. The directors generally adopt conservative strategies on its risk management and limit the Target Group's exposure to these risks to a minimum level. The directors of the Target Company reviews and agrees policies for managing each risk as summarised below and he manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The carrying amount of financial assets recognised on the consolidated statement of financial position, which is net of impairment losses, represents the Target Group's exposure to credit risk without taking into account the value of any collateral held or other credit enhancements.

The Target Group review the recoverable amount of each individual financial assets at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Target Company considers that the Target Group's credit risk is significantly reduced.

Other receivables

In estimating the ECL and in determining whether there is a significant increase in credit risk since initial recognition and whether the financial asset is credit-impaired, the Target Group have categorised the counterparties by common risk characteristics that are representative of the counterparties' financial abilities to repaid by reference to, among others, their management or audited accounts and available press information, adjusted for forward-looking factors that are specific to the debtors and general economic conditions of the industry in which the counterparties operate, in estimating the probability of default of these financial assets, as well as the loss upon default in each case. There was no change in the estimation techniques or significant assumptions made during the Relevant Periods.

After considering the above factors, the management assess that all of the other receivables have not had a significant increase in credit risk and 12-month ECL will be recognised. The management of the Target Group considers the 12-month ECL of other receivables to be insignificant, so no loss allowance was recognised during the Relevant Periods.

Bank balances

The credit risk on bank balances is limited because majority of the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies with good reputation. No loss allowance was recognised during the Relevant Periods.

Liquidity risk

The Target Group's objective is to maintain a balance between continuity of funding and flexibility. The Target Group manage liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The maturity profile of the financial liabilities of the Target Group at the end of each reporting period based on remaining contractual undiscounted payments is summarised below:

At 31 December 2019

	On demand or less than 1 year US\$	More than 1 year but less than 2 years US\$	More than 2 years but less than 5 years US\$	Total contractual undiscounted cash flows US\$	Total carrying amount US\$
Trade and other payables	4,464,743	—	—	4,464,743	4,464,743
Interest-bearing borrowings	<u>1,500,000</u>	<u>—</u>	<u>27,565,481</u>	<u>29,065,481</u>	<u>26,971,548</u>
	<u>5,964,743</u>	<u>—</u>	<u>27,565,481</u>	<u>33,530,224</u>	<u>31,436,291</u>

At 31 December 2020

	On demand or less than 1 year US\$	More than 1 year but less than 2 years US\$	More than 2 years but less than 5 years US\$	Total contractual undiscounted cash flows US\$	Total carrying amount US\$
Trade and other payables	8,384,307	—	—	8,384,307	8,384,307
Note payables	—	992,676	—	992,676	973,212
Interest-bearing borrowings	<u>1,500,000</u>	<u>3,182,093</u>	<u>38,584,702</u>	<u>43,266,795</u>	<u>38,623,842</u>
	<u>9,884,307</u>	<u>4,174,769</u>	<u>38,584,702</u>	<u>52,643,778</u>	<u>47,981,361</u>

At 31 December 2021

	On demand or less than 1 year US\$	More than 1 year but less than 2 years US\$	More than 2 years but less than 5 years US\$	Total contractual undiscounted cash flows US\$	Total carrying amount US\$
Trade and other payables	10,131,296	—	—	10,131,296	10,131,296
Note payables	6,659,488	2,893,900	—	9,553,388	8,983,026
Interest-bearing borrowings	<u>5,314,384</u>	<u>58,244,118</u>	<u>10,161,561</u>	<u>73,720,063</u>	<u>66,914,151</u>
	<u>22,105,168</u>	<u>61,138,018</u>	<u>10,161,561</u>	<u>93,404,747</u>	<u>86,028,473</u>

At 31 May 2022

	On demand or less than 1 year US\$	More than 1 year but less than 2 years US\$	More than 2 years but less than 5 years US\$	Total contractual undiscounted cash flows US\$	Total carrying amount US\$
Trade and other payables	23,839,647	—	—	23,839,647	23,839,647
Lease liabilities	<u>30,283</u>	<u>2,530</u>	<u>—</u>	<u>32,813</u>	<u>32,205</u>
	<u>23,869,930</u>	<u>2,530</u>	<u>—</u>	<u>23,872,460</u>	<u>23,871,852</u>

Interest rate risk

The Target Group is exposed to cash flow interest rate risk in relation to the Target Group's bank balances, and variable-rate bank borrowings.

The Target Group currently do not have interest rate risk hedging policy. However, the management of the Target Group closely monitor its exposure to future cash flow interest rate risk as a result of changes in market interest rate and will consider hedging changes in market interest rates should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk on bank borrowings. The sensitivity analysis is prepared assuming the bank borrowings outstanding at the end of the reporting period were outstanding for the whole period. No sensitivity analysis is provided on bank balances and payment for life insurance policy as the management considers that the interest rate fluctuation on bank balances and payment for life insurance policy is minimal and the impact from the exposure to interest rate risk sensitivity is considered insignificant.

At the end of each reporting period, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the Target Group's profit before tax would be decreased or increased by approximately US\$231,844, US\$424,987, US\$619,142 and US\$ Nil for the years ended 31 December 2019, 2020 and 2021 and the five months ended 31 May 2022 respectively.

26. FAIR VALUE MEASUREMENTS

In the opinion of the directors of the Target Group, the carrying value of the financial assets and financial liabilities are carried at amounts not materially different from their fair values as at 31 December 2019, 2020 and 2021 and 31 May 2022.

27. RELATED PARTY TRANSACTIONS**(a) Related party transactions**

In addition to the transactions/information disclosed elsewhere in the Historical Financial Information, during the Relevant Periods, the Target Group had the following transactions with related parties:

Related party relationship	Nature of transaction	Year ended 31 December			Five months ended 31 May	
		2019 US\$	2020 US\$	2021 US\$	2021 US\$	2022 US\$
					(Unaudited)	
Related party	Office rental expenses	(113,250)	(115,830)	(187,004)	(77,918)	—
Related party	Interest expenses	(87,750)	(90,500)	(326,134)	(11,750)	—
Related party	Settlement fee	(23,946)	(18,018)	(15,834)	(6,552)	—
Related party	Impact fee credits purchased	—	1,500,000	—	—	—
Related party	Purchase of develop lots	(31,585,023)	(21,538,976)	(34,231,811)	(21,538,976)	—
Immediate holding company	Purchase of develop lots	—	—	—	—	(28,748,547)
Immediate holding company	Allocation of financing costs	—	—	—	—	(1,599,550)
Immediate holding company	Repayment to immediate holding company	—	—	—	—	16,000,000

(b) Remuneration for key management personnel of the Target Group

There was no remuneration to members of key management other than the Target Company's directors as disclosed in note 9 for the Relevant Periods.

28. CAPITAL MANAGEMENT

The objectives of the Target Group's capital management are to safeguard the Target Group's ability to continue as a going concern and to provide returns for equity owners. The Target Group manages its capital structure and makes adjustments, including payment of distributions to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the Relevant Periods.

29. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 May 2022, save as disclosed elsewhere in this Historical Financial Information, the Target Group has no significant subsequent events.

30. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared in accordance with HKFRSs and/or other applicable financial reporting standards for the Target Company or any of its subsidiaries in respect of any period subsequent to 31 May 2022.

**(A) REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE GROUP UPON COMPLETION OF THE ACQUISITION**

The following is the text of the independent reporting accountants' assurance report received from Yongtuo Fuson CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this circular.



永拓富信會計師事務所有限公司
YONGTUO FUSON CPA LIMITED

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Landsea Green Management Limited**

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Landsea Green Management Limited (the "Company") and its subsidiaries (collectively the "Group"), and Hanover Family Builders, LLC and its subsidiaries (collectively the "Target Group") 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 31 December 2021 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-4 to III-8 of the Company's circular dated 30 November 2022 (the "Circular"), in connection with the proposed acquisition of the Target Company (the "Acquisition") by the Company. The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section (B) of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 31 December 2021 as if the Acquisition had taken place at 31 December 2021. As part of this process, information about the Group's financial position has been extracted by the Directors from the consolidated financial statements of the Company for the year ended 31 December 2021, on which an auditor's report 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 (the "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 behavior.

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 Accountants' 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 accountants plan and perform 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 the unaudited pro forma financial information included in an investment 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 Acquisition at 31 December 2021 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 accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, 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 purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Yongtuo Fuson CPA Limited
Certified Public Accountants

Fok Tat Choi
Practicing Certificate Number: P06895
Hong Kong, 30 November 2022

**(B) UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF ASSETS AND
LIABILITIES OF THE ENLARGED GROUP****INTRODUCTION**

The following is an illustrative unaudited pro forma consolidated statement of assets and liabilities of the Enlarged 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 Hanover Family Builders, LLC (the “Target Company”) and its subsidiaries (collectively the “Target Group”) as defined in the Circular (the “Acquisition”) as if it had taken place on 31 December 2021.

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 Enlarged Group that would have been attained had the Acquisition actually occurred on the dates indicated herein. Neither does the Unaudited Pro Forma Financial Information purports to predict the future financial position of the Enlarged 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 Acquisition been completed on 31 December 2021 where applicable, or at any future dates. The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the other financial information included elsewhere in the Circular.

Unaudited pro forma consolidated statement of assets and liabilities of the Enlarged
Group

	The Group as at 31 December 2021										Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2021	
	RMB'000 Note 1	RMB'000 Note 2(a)	RMB'000 Note 2(b)	RMB'000 Note 2(c)	RMB'000 Note 2(d)	RMB'000 Note 2(e)	RMB'000 Note 2(f)	RMB'000 Note 2(g)	RMB'000 Note 2(h)	RMB'000 Note 2(i)		RMB'000 Note 2(j)
	Pro forma adjustments											
ASSETS												
Non-current assets												
Investment property	687,500	—	—	—	—	—	—	—	—	—	—	687,500
Property, plant and equipment	201,044	417	—	—	—	—	—	—	—	—	—	201,461
Right-of-use assets	89,085	—	—	—	—	—	279	—	—	—	—	89,364
Intangible assets	—	—	—	—	—	—	—	10,137	—	—	—	10,137
Interests in associates	1,263,464	—	—	—	—	—	—	—	—	—	—	1,263,464
Interests in joint ventures	2,538,674	—	—	—	—	—	—	—	—	—	—	2,538,674
Trade and other receivables, prepayments and deposits	280,690	2,229	—	—	—	—	—	—	—	—	—	282,919
Deferred income tax assets	709,043	—	—	—	—	—	—	—	—	—	—	709,043
Goodwill	155,928	—	—	—	—	—	—	—	—	—	261,638	417,566
	<u>5,925,428</u>	<u>2,646</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>279</u>	<u>10,137</u>	<u>—</u>	<u>—</u>	<u>261,638</u>	<u>6,200,128</u>
Current assets												
Properties held for sale	479,426	—	—	—	—	—	—	—	—	—	—	479,426
Properties under development	11,402,110	935,481	—	(40,063)	(164,037)	710,777	—	—	—	—	—	12,844,268
Inventories	32,320	—	—	—	—	—	—	—	—	—	—	32,320
Contract assets	318,822	—	—	—	—	—	—	—	—	—	—	318,822
Trade and other receivables, prepayments and deposits	5,440,451	37,880	20,732	—	(8,230)	—	—	—	—	—	—	5,490,833
Financial assets at fair value through profit or loss	63,747	—	—	—	—	—	—	—	—	—	—	63,747
Restricted cash	189,739	—	—	—	—	—	—	—	—	—	—	189,739
Cash and cash equivalents	4,031,310	44,474	(1,684,361)	(2,015)	—	—	—	—	—	—	—	2,389,408
	<u>21,957,925</u>	<u>1,017,835</u>	<u>(1,663,629)</u>	<u>(42,078)</u>	<u>(172,267)</u>	<u>710,777</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>21,808,563</u>
Total assets	<u>27,883,353</u>	<u>1,020,481</u>	<u>(1,663,629)</u>	<u>(42,078)</u>	<u>(172,267)</u>	<u>710,777</u>	<u>279</u>	<u>10,137</u>	<u>—</u>	<u>—</u>	<u>261,638</u>	<u>28,008,691</u>

APPENDIX III
**UNAUDITED PRO FORMA FINANCIAL INFORMATION OF
THE GROUP UPON COMPLETION OF THE ACQUISITION**

	The Group as at 31 December 2021	Pro forma adjustments										Unaudited pro forma consolidated statement of assets and liabilities of the Group as at 31 December 2021
		RMB'000 Note 1	RMB'000 Note 2(a)	RMB'000 Note 2(b)	RMB'000 Note 2(c)	RMB'000 Note 2(d)	RMB'000 Note 2(e)	RMB'000 Note 2(f)	RMB'000 Note 2(g)	RMB'000 Note 2(h)	RMB'000 Note 2(i)	
LIABILITIES												
Non-current liabilities												
Trade and other payables	251,004	—	—	—	—	—	—	—	—	—	—	251,004
Financial liabilities at fair value through profit or loss	50,103	—	—	—	—	—	—	—	—	—	—	50,103
Advance from lessees	23,106	—	—	—	—	—	—	—	—	—	—	23,106
Lease liabilities	56,417	—	—	—	—	—	—	—	—	—	—	56,417
Borrowings	4,650,617	411,909	—	(16,606)	(68,573)	—	—	—	—	(326,730)	—	4,650,617
Deferred income tax liabilities	186,855	—	—	—	—	—	—	—	—	—	—	186,855
	<u>5,218,102</u>	<u>411,909</u>	<u>—</u>	<u>(16,606)</u>	<u>(68,573)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(326,730)</u>	<u>—</u>	<u>5,218,102</u>
Current liabilities												
Trade and other payables	8,565,304	67,689	—	(8,258)	(4,816)	—	—	—	2,520	—	—	8,622,439
Advanced from lessees	2,692	—	—	—	—	—	—	—	—	—	—	2,692
Contract liabilities	4,029,269	70,444	—	—	—	—	—	—	—	—	—	4,099,713
Lease liabilities	37,555	—	—	—	—	—	279	—	—	—	—	37,834
Borrowings	3,839,002	71,988	—	—	—	—	—	—	—	(71,988)	—	3,839,002
Current income tax liabilities	610,167	—	—	—	—	—	—	—	—	—	—	610,167
	<u>17,083,989</u>	<u>210,121</u>	<u>—</u>	<u>(8,258)</u>	<u>(4,816)</u>	<u>—</u>	<u>279</u>	<u>—</u>	<u>2,520</u>	<u>(71,988)</u>	<u>—</u>	<u>17,211,847</u>
Total liabilities	<u><u>22,302,091</u></u>	<u><u>622,030</u></u>	<u><u>—</u></u>	<u><u>(24,864)</u></u>	<u><u>(73,389)</u></u>	<u><u>—</u></u>	<u><u>279</u></u>	<u><u>—</u></u>	<u><u>2,520</u></u>	<u><u>(398,718)</u></u>	<u><u>—</u></u>	<u><u>22,429,949</u></u>

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The figures are extracted from the audited consolidated balance sheet of the Group as at 31 December 2021, as set out in the published annual report of the Company for the year ended 31 December 2021.
2. The following pro forma adjustments have been made to the Unaudited Pro Forma Financial Information assuming the Acquisition had taken place on 31 December 2021:
 - (a) The adjustment represents the inclusion of assets and liabilities of the Target Group. The amounts have been extracted from the Audited Financial Information under IFRSs of the Target Group as at 31 December 2021 as set out in Appendix II to this Circular, with reclassification adjustments to conform to the financial statement presentation of the Group and the closing exchange rate of USD1: RMB6.3757.
 - (b) The adjustment represents cash paid out for consideration of US\$264,184,000 (equivalent to approximately RMB1,684,361,000), and US\$3,251,000 (equivalent to approximately RMB20,732,000) receivable from the seller related to an estimated working capital adjustment.
 - (c) The adjustment represents the Target Group's transfer of the membership interest in Cloud Development Partners, LLC, a former 51% owned subsidiary of The Target Group to an affiliate of the then shareholders, in connection with the Acquisition and accordingly was not acquired by the Group.
 - (d) The adjustment represents the removal of assets and liabilities which were excluded from the Acquisition and accordingly were not acquired by the Group.
 - (e) The adjustment represents the fair value adjustment to properties under development in the Acquisition valued by an independent professional valuer.
 - (f) The adjustment represents the lease liabilities and right of use assets related to the Target Group's offices as of December 31, 2021, remeasured using the Group's weighted average discount rate.
 - (g) The adjustment represents the estimated fair value of the acquired trade name intangible asset valued by an independent professional valuer. The trade name will be amortized on a straight-line basis over the remaining estimated useful life.
 - (h) The adjustment represents transaction cost payable by the Group in connection with the Acquisition.
 - (i) The adjustment represents the repayment of the Target Group's borrowings in connection with the Acquisition.
 - (j) Upon completion of the Acquisition, the Group will hold the entire issued share capital of Hanover Family Builders, LLC, the identified assets and liabilities of the Target group will be accounted for in the consolidated financial statements of the enlarged group at their fair values as required by the acquisition method in accordance with HKFRS 3 (Revised) "Business Combination". 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 the Target Group based on the assumption that the Acquisition was completed on 31 December 2021.

The details of goodwill arising from acquisition is as follows:

	<i>US\$'000</i>	<i>RMB\$'000</i>
Total consideration	260,933	1,663,629
Fair value of identified assets and liabilities acquired	<u>(219,896)</u>	<u>(1,401,991)</u>
Goodwill arising on the Acquisition	<u>41,037</u>	<u>261,638</u>

The Directors are of the opinion that no impairment of goodwill should be recognised based on their assessment, assuming that the Acquisition was completed on 31 December 2021.

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 31 December 2021.
4. Since the fair values of the identifiable net assets of the Target Group 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 goodwill and the identifiable net assets of the Target Group to be recognised in connection with the Acquisition may be different from the amounts presented above and the differences could be significant.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE TARGET COMPANY

Set out below is the management discussion and analysis of the Target Company for each of the financial years ended 31 December 2019, 2020 and 2021 and the period from 1 January 2022 to 31 May 2022. The following discussion and analysis should be read in conjunction with the accountants' report of the Target Company as set out in Appendix II to this circular. Certain numerical figures included in this management discussion and analysis of the Target 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 Target Company is a limited liability company incorporated in the State of Florida of USA on April 25, 2017. The Target Company was formed for the purpose of building single family homes on developed lots acquired in subdivisions.

FINANCIAL REVIEW**Profit & loss for the year**

The Target Company recorded net income of approximately US\$13,956,550 for the financial year ended 31 December 2019, net income of US\$16,387,576 for the financial year ended 31 December 2020, net income of US\$30,725,531 for the financial year ended 31 December 2021.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**Liquidity**

As at 31 December 2019, current assets and current liabilities of the Target Company amounted to approximately US\$60,536,343 and US\$8,545,562, respectively.

As at 31 December 2020, current assets and current liabilities of the Target Company amounted to approximately US\$84,631,523 and US\$13,350,171, respectively.

As at 31 December 2021, current assets and current liabilities of the Target Company amounted to approximately US\$159,642,974 and US\$32,956,638, respectively.

As at 31 May 2022, current assets and current liabilities of the Target Company amounted to approximately US\$197,144,372 and US\$41,019,056, respectively.

Financial resources

As at 31 December 2019, the Target Company had total cash and bank balances of approximately US\$1,467,379.

As at 31 December 2020, the Target Company had total cash and bank balances of approximately US\$1,527,680.

As at 31 December 2021, the Target Company had total cash and bank balances of approximately US\$6,975,619.

As at 31 May 2022, the Target Company had total cash and bank balances of approximately US\$16,191,610.

Gearing

As at 31 December 2019, 31 December 2020, 31 December 2021 and 31 May 2022, the gearing ratio of the Target Company was approximately 95.7%, 109.6%, 110.3% and 0% 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 2019, 31 December 2020, 31 December 2021 and 31 May 2022, the total equity of the Target Company was approximately US\$26,656,353, US\$34,731,833, US\$62,495,272 and US\$158,177,882 respectively.

SIGNIFICANT INVESTMENTS

As at 31 December 2019, 31 December 2020, 31 December 2021 and the period from 1 January 2022 to 31 May 2022, there was no significant investment held by the Target Company and no investment in any investee company.

MATERIAL ACQUISITION AND DISPOSALS

For the financial years ended 31 December 2019, 2020, 2021 and the period from 1 January 2022 to 31 May 2022, the Target Company did not conduct any material acquisition or disposal of subsidiaries.

FOREIGN EXCHANGE EXPOSURE

For the financial years ended 31 December 2019, 2020, 2021 and the period from 1 January 2022 to 31 May 2022, there was no foreign exchange exposure held by the Target Company.

CHARGES ON ASSETS

For the financial years ended 31 December 2019, 2020, 2021 and the period from 1 January 2022 to 31 May 2022, the Target Company did not have any charges on assets.

CONTINGENT LIABILITIES

As at 31 May 2022, the Target Company had no material contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

The Target Group adopts remuneration policies similar to its peers in the industry. The remuneration payable to the staff of the Target Group is fixed by reference to the duties and prevailing market rates in the region. Discretionary performance bonuses after assessments are paid to employees to reward their contributions.

As at 31 December 2021, the Target Group had 24 employees.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this Circular received from Andersen Tax LLC, an independent property valuer, in connection with its opinion of value of the property interest of Landsea Green Management Ltd. as of 31 August 2022.

Transmittal

Landsea Green Management Ltd.
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Hong Kong


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30 November 2022

Re: Valuation Analysis Related to the Acquisition of Hanover Family Builders

Dear Ms. Gao:

Subsequent to your request and authorization, we have completed the valuation related to the recently acquired 37 single-family residential communities related to the recent acquisition (“transaction”) made by the Client’s U.S. subsidiary (Landsea Homes Incorporated). On January 18, 2022, the Company’s US subsidiary (Landsea Homes Incorporated) acquired Hanover Family Builders (the “Target”), a Central Florida- based homebuilding company that is active in the Central Florida/Orlando Market. The purpose of our valuation analysis is to determine the fair value of the acquired communities (the “Subject Property”) for the Company’s internal management-planning and financial reporting purposes. The intended use of this valuation report is to assist Landsea Green Management Ltd. (the “Client”), with its management planning and financial reporting activities. The intended user(s) of this report is Landsea Green Management Ltd. referred to as the “Client”. No other user is permitted without specific written authorization. The Subject properties represent 1,740 owned lots and 1,498 optioned lots, properties held for development and properties held for sale, across 37 communities (“Subject properties” or collectively the “Subjects”) totaling approximately 18,012,405 square feet or 413.5 acres in the Central Florida/Orlando Market as hereinafter further described. Andersen Tax LLC¹ (“Andersen” or “we” or “our”) is pleased to have assisted the Client in connection with their management planning activities with the provision of the services described in our engagement letter dated August 16, 2022.

¹ As used in this report, “Andersen” means Andersen Tax LLC.

The subject communities are generally located within suburban neighborhoods within the Greater Orlando metro area. According to the May 2022 data published by the Orlando Regional Realtor Association:

State of the Market

- Inventory increased by 44.2% from April 2022 to May 2022, with over 1200 additional homes hitting the market in May compared to April — this is the highest monthly increase in Orlando inventory to date.
- May's median home price was recorded at \$379,950, an increase of 2.7% compared to \$370,000 in April 2022; this sets a record high for the fourth month in a row.
- Interest rates increased from 4.9% in April 2022 to 5.3% in May 2022. This is the highest interest rates in the Orlando area have been since 2009. This is also the first time Orlando's interest rates have gone above 5% since April 2010, when they were recorded at 5.1%.
- Overall sales in May increased by 3.8%, with a total of 3,946 sales compared to 3,800 sales in April 2022. This is a 1.9% increase compared to May 2021 when overall sales were recorded at 3,872.
- Homes spent an average of 21 days on the market in May, down 12.5% from April 2022 when the average was 24.
- New listings increased by 10.7% from April 2022 to May 2022, with a total of 4,822 new homes on the market in May.
- “This new surge in inventory is a sign that the Orlando housing market is beginning to level out, which is good news for both buyers and sellers,” said Tansey Soderstrom, Orlando Regional REALTOR® Association President. “Buyers will find more homes to choose from and sellers are still getting top dollar as Orlando's median home price continues to rise.”

Market Snapshot

- Interest rates continue to increase as the average interest rate for May 2022 was recorded at 5.3%. This is a significant rise compared to May 2021 when interest rates were at 3%.
- Pending sales decreased by 7.9% from April 2022 to May 2022 for a total of 4,645 pending sales.
- 24 distressed homes (bank-owned properties and short sales) accounted for 0.6% of all home sales in May 2022. That represents a 7.7% decrease over April 2022, when 26 distressed homes sold.

Inventory

- Orlando area inventory increased by 44.2% from April 2022 to May 2022 from 2,670 homes to 3,851 homes. Inventory in May 2022 was 36.5% higher than in May 2021.
- The supply of homes remained at nearly one month in May 2022. A balanced market is six months of supply.
- The number of new listings increased in May 2022 from April 2022 by 10.7% to 4,822 homes.

Pursuant to the requirements of the International Valuation Standards Council (“IVSC”) for valuation reports, the attached report includes descriptions of the property and valuation analysis. In preparing this report, standard valuation techniques have been used in conformity with the guidelines of the International Valuation Standards as promulgated by IVSC. It is further noted that we are subject to local jurisdictional practices as promulgated by the Uniform Standards of Professional Appraisal Practice (“USPAP”), and the attached report dually conforms to both IVS requirements for valuation reports as well as the Appraisal Foundation’s requirements for restricted appraisal reports. It is further noted that any reference to ourselves as “valuers” or “appraisers” within this report are to be interpreted as mutually synonymous. On the same token, any reference to our analysis and work product as an “appraisal” or “appraisal assignment” should similarly be interpreted as a “valuation report” or “valuation assignment” as commonly interpreted within the context of IVS.

It is your responsibility to read this report in its entirety and to inform the appraiser of any errors or omissions of which you are aware, prior to utilizing this report. The effective date of value for this valuation is August 31, 2022. The analysis for this appraisal assignment was performed in September 2022. Based upon our investigations and appraisal analyses, we have formed opinions of the estimated fair value of the Subject properties valued as of August 31, 2022, are as follows:

#	Community Code	Community Name	Address, City, ST	Remaining Closings	Optioned Lots	Owned Lots	Min Lot Width (Feet)	Min Lot Depth (Feet)	Total Lot Size (SF)	Community Fair Value (DCF)	Discount Rate %
1	A5	Ardmore Reserve 50s	1860 Bonser Road, Minneola, FL 34715	36	1	35	50	120	216,000	\$8,393,222	20.00%
2	A7	Ardmore Reserve 70s	1924 Bonser Road, Minneola, FL 34715	50	1	49	70	120	420,000	\$11,471,884	20.00%
3	BG	Bargrove	5131 N ORANGE BLOSSOM TRAIL MOUNT DORA, FL 32757	186	126	60	70	125	1,627,500	\$3,710,502	26.50%
4	B4	Beresford Woods 40s	SOUTH SPRING GARDEN AVE DELAND, FL 32720	166	166	0	40	115	763,600	\$2,794,066	27.00%
5	B5	Beresford Woods 50s	SOUTH SPRING GARDEN AVE DELAND, FL 32720	77	75	2	50	115	442,750	\$1,456,243	27.00%
6	B6	Beresford Woods 60s	SOUTH SPRING GARDEN AVE DELAND, FL 32720	46	46	0	60	115	317,400	\$0	27.00%
7	CY	Celery Oaks	1257 Celery Oaks Lane, Sanford, FL 32771	60	2	58	50	120	360,000	\$14,139,538	20.00%
8	CH	Cypress Hammock — SF	1237 REGAL KING DRIVE KISSIMMEE, FL 34746	83	0	83	40	115	381,800	\$11,127,535	21.00%
9	CT	Cypress Hammock — TH	1298 Wispy Cypress Dr., Kissimmee, FL 34746	101	0	101	20	115	232,300	\$16,388,861	22.00%
10	DE	Davenport Estates	405 Tison Lane, Davenport, FL 33837	19	0	19	50	110	104,500	\$3,401,244	20.00%
11	EL	Eagle Tail Landings	McElyea Ln, Howey In The Hills, FL 34737	105	105	0	40, 50	100	472,500	\$203,474	27.00%
12	GF	Greenfield	508 Meadow Bend Dr, Davenport, FL 33837	91	13	78	50	115	523,250	\$10,471,308	21.50%
13	HR	Hammock Reserve	3525 YARIAN DRIVE HAINES CITY, FL 33844	102	4	98	50	115	586,500	\$5,044,409	24.00%
14	H4	Hanover Lakes	3196 Wauseon Drive, St. Cloud, FL 34772	21	0	21	50	115	120,750	\$2,432,051	20.00%
15	H5	50s — Non-Water Hanover Lakes	4918 Chase Court, St. Cloud, FL 34772	48	11	37	50	115	276,000	\$6,606,752	22.00%
16	H6	50s — Water Hanover Lakes	4923 Chase Court, St. Cloud, FL 34772	51	6	45	60	120	367,200	\$15,403,473	20.50%
17	HC	60s — Water Horse Creek	US-17 DAVENPORT, FL 33837	107	0	107	40	115	492,200	\$13,199,996	23.00%
18	KS	Kentucky Square	Kentucky St & Sipes Ave S, Sanford, FL 32773	149	0	149	50	120	894,000	\$1,744,218	24.00%
19	LK	Lake Lincoln	LAKE LINCOLN LANE EUSTIS, FL 32736	111	67	44	55	120	732,600	\$3,831,027	25.00%
20	LL	Legacy Landings	COUNTY RD 547 DAVENPORT, FL 33837	97	60	37	20	112, 152	256,080	\$7,207,130	24.00%

#	Community Code	Community Name	Address, City, ST	Remaining Closings	Optioned Lots	Owned Lots	Min Lot Width (Feet)	Min Lot Depth (Feet)	Total Lot Size (SF)	Community Fair Value (DCF)	Discount Rate %
21	LB	Liberty Bluff	E Hinson Ave and Powerline Rd, Haines City, FL 33844	81	0	81	42, 52	110	418,770	\$174,875	22.00%
22	MR	Marion Ridge	S 30th St & Marion Rd, Haines City, FL 33844	127	64	63	52, 62	115	832,485	\$3,347,377	26.50%
23	HM	Hills at Minneola	N Hancock Rd & Briar Rose Blvd, Minneola, FL 34737	146	143	3	50	120	876,000	\$505,336	27.00%
24	PP	Preservation Pointe	309 PRESERVE POINTE BLVD, DAVENPORT, FL 33837	146	105	41	40	110	642,400	\$7,866,246	25.50%
25	PS	Preserve at Sunrise	326 Irving Bend Drive, Groveland, FL 34736	74	18	56	50	115	425,500	\$7,744,268	22.00%
26	R4	Ridgeview 40s	7504 CATANIA LOOP CLERMONT, FL 34714	70	49	21	40	120	336,000	\$4,904,458	25.50%
27	R5	Ridgeview 50s	7504 CATANIA LOOP CLERMONT, FL 34714	71	48	23	50	120	426,000	\$4,809,965	25.50%
28	R6	Ridgeview 60s	7509 Catania Loop, Clermont, FL 34714	95	28	67	60	120	684,000	\$21,979,499	22.50%
29	SL	Sky Lake Estates — SF	MISSOURI AVE SAINT CLOUD, FL 34769	53	53	0	50	125	331,250	\$1,222,287	26.00%
30	ST	Sky Lake Estates — TH	MISSOURI AVE SAINT CLOUD, FL 34769	80	0	80	20	125	200,000	\$17,322,822	22.00%
31	SC	Storey Creek	1925 Ham Brown Rd, Kissimmee, FL 34746	107	0	107	60, 70	120	834,600	\$1,241,327	22.00%
32	TR	Thompson Road	E 1st St & Roger Williams Rd, Apopka, FL, 32703	92	0	92	24	65	143,520	\$1,160,051	23.00%
33	T4	Trinity Lakes 40s	7104 HONEYCUT LAKE STREET GROVELAND, FL 34736	104	45	59	40	120	499,200	\$11,203,126	24.00%
34	T5	Trinity Lakes 50s	7104 HONEYCUT LAKE STREET GROVELAND, FL 34736	90	87	3	50	120	540,000	\$160,496	27.00%
35	T6	Trinity Lakes 60s	7104 HONEYCUT LAKE STREET GROVELAND, FL 34736	75	75	0	60	120	540,000	\$112,512	27.00%
36	TP	Trinity Place	Lake Lizzie Dr & Pine Grove Rd, St. Cloud, FL 34771	100	100	0	30, 50, 70	115	575,000	\$2,406,326	27.00%
37	WG	Wiregrass 50s	5513 Sabal Drive, St. Cloud, FL 34771	21	0	21	50	115	120,750	\$4,705,406	20.00%
Total/Avg				3,238	1,498	1,740			18,012,405	\$229,893,310	23.68%

* We utilized the average lot width/depth to calculate the total size (square feet) of the following communities: Eagle Tail Landings, Legacy Landings, Liberty Bluff, Marion Ridge, Storey Creek, Trinity Place.

The existing use of the subject properties are active single-family home development communities. The approximate age of the finished inventory within the subject communities is typically brand new (i.e. age is zero), as homes under development are typically under contract, and are immediately sold/closed upon completion.

The following valuation report sets forth the identification of the property valued, the property valued, the property rights valued, the limiting conditions and assumptions of this analysis and report, pertinent facts about the property, an analysis of comparable property transactions, and the analysis of this data leading to the conclusions of values stated.

Thank you for allowing us the opportunity to complete this interesting and challenging appraisal assignment for you. Please contact Daniel Provencio at (213) 593-2330 with any questions or comments concerning this report.

Respectfully Submitted,

Andersen Tax LLC

REPORT**Valuation Basis**

Our valuation of the Property represents its market value which in accordance with The HKIS Valuation Standards 2020 Edition published by The Hong Kong Institute of Surveyors (“HKIS”) 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”. We confirm that the valuation is undertaken in accordance with The HKIS Valuation Standards 2020 Edition published by the HKIS.

Report Type

The type of appraisal is a valuation report as defined by IVS and a restricted appraisal report format as defined by USPAP. In this restricted appraisal report we have provided a summary of all information significant to the solution of the appraisal problem. This report presents the highlights and overviews of the relevant information and will often include tables, charts, bullet points that summarize information. The opinions and conclusions set forth in this Restricted Report may not be understood properly without additional information contained within our work file. We believe the format and content of the restricted appraisal report meets the needs and intended use for our client.

Intended User(s)

The intended user(s) of this report is Landsea Green Management Ltd. referred to as the “Client”. No other user is permitted without specific written authorization.

Intended Use

The intended use of this valuation report is to assist the Client with its management planning and financial reporting activities related to the Subject properties.

Real Property Interests Valued

The property right valued was assumed to be fee-simple ownership for the single-family finished and unfinished lots owned or under control by the Client, as of the date of value. There is no government/ground rent for the properties being valued. The Subject properties represent single-family finished and unfinished lots part of various residential subdivisions in Central Florida.

Fee Simple Interest — Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Type and Definition of Value and Source of the Definition

The standard of value to be utilized in our analysis is fair value in accordance with IFRS 13 and the Financial Accounting Standard Board's Accounting Standard Codification (ASC) Topic 820, *Fair Value Measurement* under U.S. GAAP. Under IFRS 13 and U.S. GAAP, fair value is defined as:

“Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.”

Conditions of Appraisal

The following assumptions and special assumptions were invoked in performing this valuation:

Assumptions: It is to be noted that the majority of the subject inventory represents vacant lots that are fairly uniform and commoditized in configuration. We invoke a *Significant Assumption* that the physical configuration and attributes of the subject properties are as described by management and that there are no encumbrances in-place at any of the Subject properties.

Special Assumptions: We do not invoke any *Special Assumptions* in performing this valuation.

Scope of Work

As communicated at the onset of this assignment, the scope of work of this assignment is summarized below:

1. *Identify the appraiser.*

The appraiser is identified as Daniel Provencio, MAI.

2. *Disclose whether the appraiser has any material connection with the subject of the assignment or the other parties to the valuation assignment.*

The appraiser does not have any material connection with the subject of the assignment.

3. *If the appraiser needs material assistance from others, state the nature of such assistance and the extent of the reliance on that assistance.*

Any assistance received is limited to what is described within the certification of this report.

4. *Identify the client.*

The client is identified as Landsea Green Management Ltd (“Client”).

5. *Identity of any other intended users.*

The Client is identified as the sole intended user of this report.

6. *Identify the asset or liability to be valued.*

The subject to be valued is a collection of residential lot inventories located in Central Florida and identified in further detail in the transmittal letter of this report.

7. *State the currency to be used for the valuation.*

The value conclusion of this valuation is denominated in US Dollars as of August 31, 2022.

8. *State the purpose of the valuation.*

The purpose of our valuation analysis is to determine the fair value of the acquired communities (the “Subject Property”) for the Company’s internal management-planning and financial reporting purposes.

9. *State the basis/bases of value.*

Our valuation of the Property represents its market value which in accordance with The HKIS Valuation Standards 2020 Edition published by The Hong Kong Institute of Surveyors (“HKIS”) 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”. We confirm that the valuation is undertaken in accordance with The HKIS Valuation Standards 2020 Edition published by the HKIS.

10. *State the date of value.*

The date of value or the effective date is identified as August 31, 2022.

11. *State the nature and extent of the appraiser's work.*

Our analysis included, but was not necessarily limited to, the following:

- Interviews with Management concerning the subject communities' history; the nature of its business and the Assets; and its plans for the future, including expectations regarding operating performance and financial position
- Analysis of the subject communities' historical and prospective financial data
- Research concerning the:
 - Acquired Company, its financial and operating history, the nature of its products and/or services, and its competitive position in the marketplace
 - Current economic conditions and outlook for the national economy, as well as applicable global economic conditions
 - Industry or industries in which the Acquired Company participates
 - Orlando-area homebuilding market and industry fundamentals including:
 - ▷ Home prices
 - ▷ Construction costs
 - ▷ Absorption
 - ▷ Price and cost inflation
 - Comparable land sales of finished lots and raw land within Central Florida
 - Public homebuilder data pertaining to expected gross margins and discount rates used for impairment.
 - Analysis of the in-place vertical WIP, including backlogs, spec, and model homes
- Consideration, selection, and application of valuation approaches and methods
- Estimation of the fair value of the Assets as of the Effective Date

12. *Identify any limitations or restrictions on the inspection inquiry and/or analysis in valuation assignment.*

Statements of limiting conditions are described in detail in a later section of this report.

13. *Identify relevant information that is not available due to conditions of the assignment and assumptions and special assumptions made as a result.*

None noted.

14. *Identify assumptions and special assumptions.*

The following assumptions and special assumptions were invoked in performing this valuation:

Assumptions: Our valuation analysis is based on business plans and development budgets provided to us by Management. We did not independently verify the status and nature of each property as of the Valuation Date (including, but not limited to, number of unsold lots, and status of CIP), zoning/approvals of any parcels, the feasibility of planned development on future parcels, all of which have a significant impact on our value conclusions.

No allowances have been made in our valuation for any charges, mortgages or amounts owing on the Property nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

We have not carried out detailed site measurements to verify the correctness of the site area in respect of the Property but have assumed that the site area shown on the documents and/or official plans handed to us by the Company 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.

Special Assumptions: We do not invoke any *Special Assumptions* in performing this valuation.

15. *If the subject is used in conjunction with other assets, state whether the other assets are included, excluded but assumed to be available or assumed not to be available.*

The subject assets were acquired by the Company's US subsidiary along with various other working capital assets and liabilities (such as trade receivables and payables) and trade name. These other assets are specifically excluded from this valuation assignment, and assumed to be available.

16. *State any limitations or restrictions on the inspection, inquiry and analysis.*

Jay Chung and Eric Dicus performed an exterior inspection of the Subject properties on September 23, 2022 and no limitations or restrictions on the inspections are noted.

17. *The nature and source of any relevant information that is to be relied upon and the extent of any verification to be undertaken during the valuation process. Identify all significant assumptions and special assumptions.*

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenures, identification of land and buildings, particulars of occupancy, construction cost, site and floor areas, site and floor plans, development scheme, interests attributable to the Target Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

18. *Describe the report format. The client should agree with the report format.*

The format and content of this report is deemed to be appropriate for the Client's intended use.

19. *Communicate any restrictions on use, distribution and publication of the valuation report and those relying upon it.*

This valuation report is intended solely for the informational purposes and internal use of Landsea Green Management Ltd., and is not intended for use by any other person or entity.

20. *Statement on IVS compliance.*

The valuation has been prepared in compliance with IVS and the appraiser has assessed the appropriateness of all significant inputs.

21. *Explain the nature of any departures.*

There are no jurisdictional exceptions or departures noted for this valuation.

22. *Confirmation of Independence*

We have valued the Property as of 31 August 2022 for Landsea Green Management Limited for financial reporting purpose at the same value as reported herein.

We hereby confirm that Andersen Tax LLC and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

23. Identify the current planning or Zoning Use of the Subject properties

There are no restrictions on the use of the Subject properties, other than those governed by the below zoning codifications.

1. R-1 through R-7 (Urban Multifamily residential) — Volusia County, FL
2. Urban Low Density (Residential) — Lake County, FL
3. Single Family Residential — Osceola County, FL
4. R-1 (Single Family Dwelling), R-2 (One- and Two-Family Dwelling) — Seminole County, FL
5. RL-1 to RL-4 (Residential Low Density), RM (Residential Medium) — Polk County, FL
6. R-1 (Single-Family Dwelling District) — Orange County, FL

Sale & Listing History

The Subject properties were acquired on January 18, 2022. A review into the property history of the past three years was deemed to be not relevant to the analysis at hand as the acquired company acquired land at all stages of development from raw land to finished lots and in the normal course of business continued to economically and physically improve, and partially dispose of (through home sales), the land parcels. As a result, the acquired company's prior acquisition price, during the preceding three years, of any of the real property assets was not considered in our valuation.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles to the Property. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to verify the authentication of the title certificates or ascertain the title of the Property and we have therefore relied on the advice given by the Legal Adviser regarding the interests of the Target Company in the Property.

Highest and best use

The highest and best use for the Subject properties is single-family residential development.

Exposure Time

Exposure time is defined as the estimated length of time the property interest being valued would have been offered on the market prior to the hypothetical consummation of a sale at the value on the effective date of the appraisal. Exposure time is presumed to precede the effective appraisal date. We have estimated an exposure time of 6 to 12 months based on comparable sales data and conversations with local brokers.

Effective Date of Value and Report Date

The effective date of value and report date of this restricted appraisal report are as follows:

Effective date of value: August 31, 2022. Most of the appraisal work was completed in September 2022.

Report date: Same as transmittal letter

Result of Approaches to Value:

#	Community Code	Community Name	Address, City, ST	Remaining Closings	Optioned Lots	Owned Lots	Min Lot Width (Feet)	Min Lot Depth (Feet)	Total Lot Size (SF)	Community Fair Value (DCF)	Discount Rate %
1	A5	Ardmore Reserve 50s	1860 Bonser Road, Minneola, FL 34715	36	1	35	50	120	216,000	\$8,393,222	20.00%
2	A7	Ardmore Reserve 70s	1924 Bonser Road, Minneola, FL 34715	50	1	49	70	120	420,000	\$11,471,884	20.00%
3	BG	Bargrove	5131 N ORANGE BLOSSOM TRAIL MOUNT DORA, FL 32757	186	126	60	70	125	1,627,500	\$3,710,502	26.50%
4	B4	Beresford Woods 40s	SOUTH SPRING GARDEN AVE DELAND, FL 32720	166	166	0	40	115	763,600	\$2,794,066	27.00%
5	B5	Beresford Woods 50s	SOUTH SPRING GARDEN AVE DELAND, FL 32720	77	75	2	50	115	442,750	\$1,456,243	27.00%
6	B6	Beresford Woods 60s	SOUTH SPRING GARDEN AVE DELAND, FL 32720	46	46	0	60	115	317,400	\$0	27.00%
7	CY	Celery Oaks	1257 Celery Oaks Lane, Sanford, FL 32771	60	2	58	50	120	360,000	\$14,139,538	20.00%
8	CH	Cypress Hammock — SF	1237 REGAL KING DRIVE KISSIMMEE, FL 34746	83	0	83	40	115	381,800	\$11,127,535	21.00%
9	CT	Cypress Hammock — TH	1298 Wispy Cypress Dr., Kissimmee, FL 34746	101	0	101	20	115	232,300	\$16,388,861	22.00%
10	DE	Davenport Estates	405 Tison Lane, Davenport, FL 33837	19	0	19	50	110	104,500	\$3,401,244	20.00%
11	EL	Eagle Tail Landings	McElyea Ln, Howey In The Hills, FL 34737	105	105	0	40, 50	100	472,500	\$203,474	27.00%
12	GF	Greenfield	508 Meadow Bend Dr, Davenport, FL 33837	91	13	78	50	115	523,250	\$10,471,308	21.50%
13	HR	Hammock Reserve	3525 YARIAN DRIVE HAINES CITY, FL 33844	102	4	98	50	115	586,500	\$5,044,409	24.00%
14	H4	Hanover Lakes	3196 Wauseon Drive, St. Cloud, FL 34772	21	0	21	50	115	120,750	\$2,432,051	20.00%
15	H5	Hanover Lakes	4918 Chase Court, St. Cloud, FL 34772	48	11	37	50	115	276,000	\$6,606,752	22.00%
16	H6	Hanover Lakes	4923 Chase Court, St. Cloud, FL 34772	51	6	45	60	120	367,200	\$15,403,473	20.50%
17	HC	Horse Creek	US-17 DAVENPORT, FL 33837	107	0	107	40	115	492,200	\$13,199,996	23.00%
18	KS	Kentucky Square	Kentucky St & Sipes Ave S, Sanford, FL 32773	149	0	149	50	120	894,000	\$1,744,218	24.00%
19	LK	Lake Lincoln	LAKE LINCOLN LANE EUSTIS, FL 32736	111	67	44	55	120	732,600	\$3,831,027	25.00%
20	LL	Legacy Landings	COUNTY RD 547 DAVENPORT, FL 33837	97	60	37	20	112, 152	256,080	\$7,207,130	24.00%

#	Community Code	Community Name	Address, City, ST	Remaining Closings	Optioned Lots	Owned Lots	Min Lot		Total Lot Size (SF)	Community Fair Value (DCF)	Discount Rate %
							Width (Feet)	Depth (Feet)			
21	LB	Liberty Bluff	E Hinson Ave and Powerline Rd, Haines City, FL 33844	81	0	81	42, 52	110	418,770	\$174,875	22.00%
22	MR	Marion Ridge	S 30th St & Marion Rd, Haines City, FL 33844	127	64	63	52, 62	115	832,485	\$3,347,377	26.50%
23	HM	Hills at Minneola	N Hancock Rd & Briar Rose Blvd, Minneola, FL 34737	146	143	3	50	120	876,000	\$505,336	27.00%
24	PP	Preservation Pointe	309 PRESERVE POINTE BLVD, DAVENPORT, FL 33837	146	105	41	40	110	642,400	\$7,866,246	25.50%
25	PS	Preserve at Sunrise	326 Irving Bend Drive, Groveland, FL 34736	74	18	56	50	115	425,500	\$7,744,268	22.00%
26	R4	Ridgeview 40s	7504 CATANIA LOOP CLERMONT, FL 34714	70	49	21	40	120	336,000	\$4,904,458	25.50%
27	R5	Ridgeview 50s	7504 CATANIA LOOP CLERMONT, FL 34714	71	48	23	50	120	426,000	\$4,809,965	25.50%
28	R6	Ridgeview 60s	7509 Catania Loop, Clermont, FL 34714	95	28	67	60	120	684,000	\$21,979,499	22.50%
29	SL	Sky Lake Estates — SF	MISSOURI AVE SAINT CLOUD, FL 34769	53	53	0	50	125	331,250	\$1,222,287	26.00%
30	ST	Sky Lake Estates — TH	MISSOURI AVE SAINT CLOUD, FL 34769	80	0	80	20	125	200,000	\$17,322,822	22.00%
31	SC	Storey Creek	1925 Ham Brown Rd, Kissimmee, FL 34746	107	0	107	60, 70	120	834,600	\$1,241,327	22.00%
32	TR	Thompson Road	E 1st St & Roger Williams Rd, Apopka, FL, 32703	92	0	92	24	65	143,520	\$1,160,051	23.00%
33	T4	Trinity Lakes 40s	7104 HONEYCUT LAKE STREET GROVELAND, FL 34736	104	45	59	40	120	499,200	\$11,203,126	24.00%
34	T5	Trinity Lakes 50s	7104 HONEYCUT LAKE STREET GROVELAND, FL 34736	90	87	3	50	120	540,000	\$160,496	27.00%
35	T6	Trinity Lakes 60s	7104 HONEYCUT LAKE STREET GROVELAND, FL 34736	75	75	0	60	120	540,000	\$112,512	27.00%
36	TP	Trinity Place	Lake Lizzie Dr & Pine Grove Rd, St. Cloud, FL 34771	100	100	0	30, 50, 70	115	575,000	\$2,406,326	27.00%
37	WG	Wiregrass 50s	5513 Sabal Drive, St. Cloud, FL 34771	21	0	21	50	115	120,750	\$4,705,406	20.00%
Total/Avg				3,238	1,498	1,740			18,012,405	\$229,893,310	23.68%

Valuation Analysis and Reconciliation:

We considered each of the three traditional approaches to value: the income approach (market comparison method), the sales comparison approach, and the cost approach. We relied on the Income approach (Discounted Cash Flow method) to value the Subject properties because we believe (1) it is appropriate for the valuation analysis, and (2) sufficient information was available for its use. We did not rely upon the cost approach, given the unique property type (single family residential development) and interest valued (fee-simple). We did not perform the market comparison method due to the fact that the subject property consists of ownership interest in land lots that will be developed with homes, homes under construction, and new homes recently constructed. The homebuilding business sells the finished homes. As a result, the subject property changes every month as new homes are sold, under construction homes are completed and are readied for sale, and land lots begin to have home constructed on them. The net effect is the acquired real estate is a liquidating asset whereby the total asset owned is reduced as the sales are completed. Eventually, the entire asset will be developed and sold; most often one home at a time. The disposal of the asset in this case is unlike the classic acquisition and disposal cycle that applies to typical commercial real estate, where one buys a commercial building for one price, and exits by selling the property at another price. The subject assets are more akin to inventory that is sold off in the normal course of business. In aggregate, the remaining revenues and costs are anticipated to be as follows:

- Home sales revenues: \$1,605,845,408
- Land acquisition costs: \$161,055,082
- Direct building costs: \$911,474,339
- Selling costs: \$215,395,606
- Other indirect costs: \$18,384,878
- Financing costs: \$72,608,896
- Aggregate net cash flow: \$350,299,239

Sell-off of the last lot is anticipated to occur in the first calendar quarter of 2027.

The subject communities are to be developed as detached single-family homes that are sold off immediately after construction completion. Architectural plans and planning consent are understood to have been approved, and that there are no conditions imposed in respect of such approvals. There are no material special or general conditions affecting the development of the property including building covenants and time limits for completion of the development. Further, there are no conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use.

Closing remarks

This valuation engagement was conducted, and this report were prepared, in accordance with our understanding and interpretation of the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation. This report is identified as a restricted Appraisal Report as defined in Standard 2 of USPAP.

All results, advice, recommendations, or conclusions included in this report are subject to the Assumptions and Limiting Conditions and Certifications that are presented.

The following pages provide more detailed information regarding the analyses described in this report along with the following:

- Statements of Limiting Conditions
- Certifications
- Qualifications of principal consultants
- Valuation Schedules

We have no obligation to update this report or our opinion of value for information that comes to our attention after the date of this restricted appraisal report.

STATEMENTS OF LIMITING CONDITIONS

The value conclusions related to the asset(s), propert(ies), business entit(ies), or business interest(s) (the “Subject Asset(s)”) specified in our restricted appraisal report/deliverable (hereafter referred to as the “Analysis”) are governed by the following limiting conditions:

1. No investigation of the legal description or matters, including title or encumbrances, will be made, and the owner’s claim to the Subject Asset(s) is assumed to be valid and marketable. Further, unless otherwise specifically indicated, we have made the following assumptions: (i) the Subject Asset(s) is free and clear of any liens or encumbrances; (ii) the Subject Asset(s) meets full compliance with all applicable federal, state, and local zoning, as well as use, environmental, and similar laws and regulations; and (iii) all licenses, certificates, consents, or other legislative or administrative authority from any local, state, federal government, or private entity have been or can be obtained or renewed for any use on which the value conclusion is based in the Analysis.
2. Andersen Tax LLC (“Andersen”) has relied upon information furnished by others, which is believed to be reliable. We have not independently verified the accuracy or completeness of the information.

3. During the course of our analysis, we were provided certain financial information, including estimates of cash flow, by management. We have not performed an examination, review, or compilation in accordance with standards prescribed by the American Institute of Certified Public Accountants and, therefore, do not express an opinion or offer any form of assurance on the cash flow data or their underlying assumptions.
4. The value conclusions are not intended to represent values for the Subject Asset(s) at any date other than the date of value specified in the Analysis. We assume no responsibility for changes in market conditions or physical factors that could affect the value of the Subject Asset(s) at a later date, or the inability of the owner to sell the Subject Asset(s) at the value specified in the Analysis.
5. The Analysis has been prepared solely for the purpose stated, and should not be used for any other purpose or by any other person/party than to or for whom it is addressed and prepared. Our value conclusions are not intended to represent investment advice of any kind and do not constitute a recommendation as to the purchase price or sale of the Subject Asset(s).
6. Neither the Analysis nor any portion thereof (including, without limitations, any conclusions as to value, the identity of the appraiser, or the identity of Andersen) shall be disseminated to the public or third parties through advertising, public relations, news, sales, mail, direct transmittal, Securities and Exchange Commission disclosure documents, or any other media without the prior written consent of Andersen. Possession of the Analysis, or a copy thereof, does not afford the holder the right to publication. The Analysis may not be used without the proper written consent of Andersen.
7. Our engagement team is not required to give further consultation, testimony, or be in attendance in court with reference to the Subject Asset(s) in question or to update any report, recommendation, analysis, conclusion, or other document related to our services, unless additional arrangements are made.
8. Responsible ownership and competent property/asset management are assumed.
9. All engineering is assumed to be correct. The plot plans and illustrative materials in this report are included only to assist the reader in visualizing the property.
10. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

11. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with. Any nonconformance has been stated, defined, and considered.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
13. Subsurface rights (minerals, water, and oil) were not considered in making this report unless otherwise stated.
14. The tracts according to survey, map or plat, indicate riparian rights and/or littoral rights are assumed to go with the property, unless easements or deeds of record prove contrary.
15. Unless otherwise stated in this report, the appraiser did not observe any hazardous materials or conditions that may be present at the subject. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
16. This appraisal has been made in conformance with, and is subject to, the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice.
17. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property along with a detailed study of ADA requirements could reveal that the property is not in compliance with the Act. If so, this would have a negative effect on the property value. We were not furnished with any compliance surveys or any other documents pertaining to this issue and therefore did not consider compliance or noncompliance with the ADA requirements when estimating the value of the property.

CERTIFICATIONS**Certification — Florida**

I, Daniel Provencio, hereby certify to the best of my knowledge and belief the following statements with respect to the real property included in this report.

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
7. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
8. I have satisfied the continuing professional education requirements necessary to maintain my professional designation(s).
9. Because of my background, experience, education, and membership in professional associations, I am qualified to make appraisals of the type of property that is the subject of this report.
10. Jay Chung and Nathan Rad provided me with significant real property appraisal assistance with respect to the properties: they aided in the financial modeling, report writing, market research, highest and best use analysis, sales comparison approach, income approach, and value estimate and reconciliation where applicable.
11. Jay Chung and Eric Dicus performed an exterior inspection of the Subject properties on September 23, 2022.

12. As indicated below, I am certified or licensed to perform the appraisal of the real property described in this certification:

Name	State	Certificate of License Number	Expiration Date
Daniel Provencio	FL	RZ3854	11/30/2022

13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
14. As of the date of this report, I have completed the continuing education program of the Appraisal Institute.
15. I have provided services involving the subject properties within the three years immediately preceding acceptance of this assignment. I have performed a purchase price allocation study for purposes of assisting management with financial statement reporting.

Daniel Provencio

QUALIFICATIONS OF PRINCIPAL CONSULTANTS

Daniel Provencio, MAI, CRE, ASA

Managing Director

BS, Accounting — University of Southern California

Daniel is a Managing Director in the real estate strategies and valuation services practice. Daniel has been providing real estate services domestically and internationally to law firms, corporations, residential and commercial developers, property owners, financial institutions and governmental (federal, state, and city) entities for over twenty-five years. Daniel's industry experience includes litigation support, real estate development consulting, investment analysis, acquisition and disposition due diligence, and condemnation. Before joining Andersen, Daniel was the Partner/Principal in charge of the West Region Real Estate Valuation consulting practice at a Big Four firm. In this role, he managed teams of real estate consultants providing valuation services related to commercial estate asset classes, and he also served as subject matter expert to audit team related fair value issues for financial statement reporting and to the tax practice related to fair market value disputes. Additional real estate experience includes commercial real estate brokerage sales, general contracting/construction development, and Big 4 accounting and income tax compliance (multi-state) for real estate partnership syndications.

Real Estate Experience

Real estate valuation & consulting engagements with complex properties and transactions such as:

- Washington State Department of Natural Resources — Analysis of a diverse portfolio including 3+ million upland acres of forest, agriculture, commercial real estate, communication sites, and other various holdings. Analysis includes estimates of Trust Value and Public Interest Value. Trust Value provides an estimate of value that factors in various restrictions and limitations imposed at the State Constitution level and Federal land protections level. Public Interest Value relies on an ecosystem services valuation (ESV) and recreation analysis to identify, quantify, and value the ecosystem services and recreational benefits for asset classes identified. (state trust performance assessment),
- Private Equity Real Estate Investment Funds — Annually provide 127 Fair Value commercial real estate appraisals for a real estate investment fund with assets located across the United States. Investor base is primarily institutional investors including state pensions, insurance companies, financial institutions etc. (fair value funds),
- Private ranch — Fair Market Value estimate for a 275,000-acre ranch that crosses three state boundaries (gift and estate planning),

- Distressed Commercial Real Estate Loans — Real estate consulting services engagements that have included securitization of impaired loan portfolios/REO properties, recapitalization transactions, bulk loan sales and Cumulative Loan Loss Studies (community banks, savings & loans, insurance companies, pension fiduciaries),
- Private Hawaiian Estate development land (anti-trust litigation in Hawaii regarding residential land and industrial land),
- Hawaiian submerged lands (Hawaii Supreme Court decision related to encroachment on native Hawaiian public land) at Major Resort in Hawaii,
- The International Top Tier Super Regional Shopping Center in Costa Mesa, California (family partnership unit value dispute),
- Washington State five-million-acre upland and aquatic real estate portfolio consisting of 600+ thousand acres of agriculture land, 3+ million acres of timberland, and all navigable waters in the state. (economic analysis for State Legislature review),
- Los Angeles \$377+ million high school development (attorney malpractice),
- Archdiocese real estate portfolio valuation in California (bankruptcy court),
- 1.1 million square foot Tech HQ in Silicon Valley and three data centers (business combination),
- Residential and multifamily builder portfolio valuations (bankruptcy court),
- 300mm Microchip (“FAB”) facility in Singapore (joint venture divestiture pricing dispute),
- Industrial and Office portfolio in China and Malaysia (ASC 805 Business Combination),
- Chemical Manufacturing Plant in California (bankruptcy court),
- Large national beer brewery plant in California (property tax appeal),
- Myanmar portfolio of 290 commercial properties — fair value estimates in Myanmar (IFRS conversion),
- Residential real estate entitlement consulting, including a two-year engagement developing financial forecasts and financial impact calculations related to a large mixed-use development with 1,100+ residential dwelling units,
- Residential sub-division cash flow projections and valuations for public homebuilder projects,

- Residential sub-division land valuations for national homebuilder's supporting in-lieu park fee transactions, reverse condemnation litigation, and highest & best use conclusions,
- Appraisal and appraisal reviews (market value, fair value, ASC 805 purchase price allocations; ASC 360 and SFAS 144 impairment of long-lived assets) involving residential subdivisions, high-rise residential projects, office properties, retail properties industrial properties, and special purpose properties (semi-conductor fabrication plants, chemical manufacturing, auto parts manufacturing, breweries, etc.),
- Real estate consulting related to proposed real estate joint ventures and partnerships, including special allocations, preferred returns, book/tax differences, inside basis/ outside basis issues, and commercial and residential development waterfall projections,
- Market rent reset disputes for improved properties, ground lease reset disputes, retail repositioning studies, and bankruptcy consulting,
- Eminent Domain/Condemnation valuation engagements including full-takes, partial takes, appurtenant easements, and temporary construction easements,
- Real estate operational performance studies of internal real estate construction/ development departments, internal leasing departments, internal appraisal departments leading to identification of control enhancements, investment decision improvements, process improvements, staffing plans, technology solutions etc.,
- Water Rights study for property interests in California and Arizona for internal management planning purposes,
- Purchase vs Lease studies

Professional Associations

- Appraisal Institute, MAI Designation, AI-GRS Designation
- Counselors of Real Estate, CRE Designation
- American Society of Appraisers, ASA Designation
- Royal Institution of Chartered Surveyors, MRICS Designation
- Association of Insolvency & Restructuring Advisors, Member
- National Associations of Realtors, Member

Licenses

- Certified General Real Estate Appraiser License (AZ, CA, CT, FL, GA, HI, ID, IL, MD, MI, NJ, NV, NM, NY, NC, OR, PA, TX, UT, VA, WA)
- Real Estate Broker License (CA)
- General Building Contractor Class B License (CA)

Mr. Provencio is an MAI and licensed general commercial appraiser in the State of Florida who has over 25 years of experience in the professional property valuation and advisory services in the United States, and various overseas countries, including Greater China. Mr. Provencio has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

SUPPORTING EXHIBITS

Landsea Green Management Limited
Vertical Cost Estimates and Support

Source (MVS)-August 2022 Manual	Base Cost	Current Multiplier	Local Multiplier	Adjusted Base Cost
Single-Family Residences Class D Good Florida, Sec 12, Pg. 25	\$176.00	1.01	0.98	\$174.20
Single-Family Residences Class D Average Florida, Sec 12, Pg. 25	\$127.00	1.01	0.98	\$125.70
Single-Family Residences Class D Fair Florida, Sec 12, Pg. 25	\$109.00	1.01	0.98	\$107.89
Single-Family Residences Class D Low Cost Florida, Sec 12, Pg. 25	\$92.00	1.01	0.98	\$91.06

Budgeted costs (\$/PSF) for
communities under-development

DEV CODE	Community Name	Low	High	Average
A5	Ardmore Reserve 50s	\$72.90	\$121.34	\$93.97
A7	Ardmore Reserve 70s	\$54.16	\$120.55	\$94.16
BG	Bargrove	\$59.71	\$141.39	\$98.46
B5	Beresford Woods 50s	\$72.23	\$101.85	\$85.55
CY	Celery Oaks	\$80.01	\$143.69	\$101.78
CH	Cypress Hammock — SF	\$72.39	\$124.51	\$100.77
CT	Cypress Hammock — TH	\$90.33	\$115.25	\$101.23
DE	Davenport Estates	\$78.54	\$127.92	\$96.70
GF	Greenfield	\$67.40	\$111.85	\$90.74
HR	Hammock Reserve	\$76.26	\$112.34	\$91.24
H4	Hanover Lakes 50s — Non-Water	\$72.92	\$108.75	\$86.48
H5	Hanover Lakes 50s — Water	\$72.72	\$116.60	\$99.67
H6	Hanover Lakes 60s — Water	\$65.45	\$123.40	\$96.35
HC	Horse Creek	\$73.53	\$126.26	\$95.55
LK	Lake Lincoln	\$77.73	\$117.93	\$90.62
LL	Legacy Landings	\$76.35	\$106.83	\$88.51
PP	Preservation Pointe	\$71.95	\$115.99	\$94.81
PS	Preserve at Sunrise	\$83.15	\$141.02	\$100.46
R4	Ridgeview 40s	\$76.36	\$96.55	\$85.17
R5	Ridgeview 50s	\$62.35	\$102.23	\$82.22
R6	Ridgeview 60s	\$59.63	\$114.78	\$87.87
SL	Sky Lake Estates — SF	\$84.30	\$124.04	\$103.49

DEV CODE	Community Name	Budgeted costs (\$/PSF) for communities under-development		
		Low	High	Average
ST	Sky Lake Estates — TH	\$95.36	\$103.78	\$100.99
T4	Trinity Lakes 40s	\$78.78	\$132.21	\$101.28
T6	Trinity Lakes 60s	\$136.57	\$136.57	\$136.57
WG	Wiregrass 50s	\$83.05	\$120.40	\$102.89

* Budgeted costs shown above include budgeted option and impact fee costs and are estimates as of August 31, 2022.

Gross Margin and Discount Rate Industry Data

Public Homebuilder Gross Margin and Discount Rates (10K's)								
Home Builder	Ticker	Period	Gross Margin %	Discount Rates			10-K Page (GM%)	10-K Page (Disc Rate)
				Low	High	Midpoint		
Toll Brothers	TOL	2021	22.50%	—	—	14.0%	115/118	35/118
TRI Pointe Group	TPH	2021	24.90%	10.0%	16.0%	—	44/107	81/107
PulteGroup	PHM	2021	26.40%	—	—	—	23/98	—
NVR	NVR	2021	22.30%	—	—	—	15/71	—
Meritage Homes	MTH	2021	27.80%	—	—	—	37/83	—
M/I Homes	MHO	2021	22.10%	13.0%	16.0%	14.5%	37/126	29/126
MDC Holdings	MDC	2021	23.10%	—	—	—	18/126	—
LGI Homes	LGIH	2021	26.80%	—	—	—	37/94	—
Century Communities	CCS	2021	24.20%	—	—	—	71/129	—
Lennar	LEN	2021	26.80%	10.0%	20.0%	15.0%	27/119	55/119
Taylor Morrison	TMHC	2021	20.30%	—	—	—	40/176	—
Beazer	BZH	2021	18.90%	—	—	—	36/110	—
D.R. Horton	DHI	2021	25.50%	—	—	—	38/128	—
K. Hovnanian	HOV	2021	18.60%	18.3%	19.3%	18.8%	38/130	41/130
Ashton Woods	N/App	2021	22.30%	—	—	—	29/80	—
KB	KBH	2021	21.60%	18.0%	19.0%	18.5%	29/115	72/115
Minimum:			18.6%	10.0%	16.0%	14.0%		
Maximum:			27.8%	18.3%	20.0%	18.8%		
Average:			23.4%	13.9%	18.1%	16.2%		

Hanover Historical Gross Margins

		YTD (August 7/1/2022	12/31/2020	12/31/2019
Home Sales Revenue ('000)	28,730	113,471	160,713	156,682
Cost of Home Sales ('000)	18,319	81,720	121,889	122,386
Home Sales Gross Margin ('000)	10,411	31,751	38,824	34,296
Home Sales Gross Margin %	36.2%	28.0%	24.2%	21.9%

Source	Date	Discount Rate Survey Data		
		Low	High	Average
PwC Investor Survey National Development Land	4Q 2021	10.00%	30.00%	16.80%
PwC Investor Survey National Development Land	2Q 2022	10.00%	30.00%	17.20%
Realty Rates — Florida/ Caribbean — Site-Built Residential (Actual Rates)	2Q 2022	20.10%	46.42%	30.83%
Realty Rates — Florida/ Caribbean — Site-Built Residential (Actual Rates)	3Q 2022	21.08%	47.57%	31.83%

Public Homebuilder Gross Margin and Discount Rates (10Q's)

Home Builder	Ticker	Period	Gross Margin %	Period	Gross Margin %	Discount Rates			10Q Page (GM%) T6 or T9	10Q Page (GM%) T3	10Q Page (Disc Rate)
						Low	High	Midpoint			
Toll Brothers	TOL	Q3 2022 — T9	23.19%	Q3 2022 — T3	23.83%	—	—	6/62	6/62	22/62	
TRI Pointe Group	TPH	Q2 2022 — T6	27.00%	Q2 2022 — T3	27.20%	—	—	32/107	29/107	—	
PulteGroup	PHM	Q2 2022 — T6	30.10%	Q2 2022 — T3	30.90%	—	—	25/47	25/47	—	
NVR	NVR	Q2 2022 — T6	27.30%	Q2 2022 — T3	26.30%	—	—	27/141	27/141	—	
Meritage Homes	MTH	Q2 2022 — T6	31.00%	Q2 2022 — T3	31.60%	—	—	33/46	33/46	—	
M/I Homes	MHO	Q2 2022 — T6	26.16%	Q2 2022 — T3	27.32%	—	—	28/51	28/51	—	
MDC Holdings	MDC	Q2 2022 — T6	26.30%	Q2 2022 — T3	26.80%	—	—	25/47	25/47	—	
LGI Homes	LGIH	Q2 2022 — T6	30.07%	Q2 2022 — T3	32.00%	—	—	21/44	21/44	—	
Century Communities	CCS	Q2 2022 — T6	28.20%	Q2 2022 — T3	28.20%	—	—	20/52	20/52	—	
Lennar	LEN	Q2 2022 — T6	28.40%	Q2 2022 — T3	29.50%	—	20.0%	33/51	33/51	23/51	
Beazer	BZH	Q2 2022 — T9	23.30%	Q2 2022 — T3	25.10%	—	—	30/50	30/50	—	
D.R. Horton	DHI	Q3 2022 — T9	28.90%	Q3 2022 — T3	30.10%	—	—	36/71	34/71	—	
K. Havnanian	HOV	Q3 2022 — T9	22.30%	Q3 2022 — T3	23.10%	18.3%	19.3%	49/99	49/99	12/99	
Ashton Woods	N/App	Q3 2022 — T9	25.90%	Q3 2022 — T3	28.20%	—	—	37/54	37/54	—	
KB	KBH	Q2 2022 — T6	24.00%	Q2 2022 — T3	25.30%	—	—	28/53	28/53	—	
Taylor Morrison	TMHC	Q2 2022 — T6	25.00%	Q2 2022 — T3	26.60%	—	—	27/200	27/200	—	
Minimum:			22.3%		23.1%	18.3%	19.3%	18.8%	18.8%		
Maximum:			31.0%		32.0%	18.3%	19.3%	20.0%	20.0%		
Average:			26.7%		27.6%	18.3%	19.3%	19.4%	19.4%		

Absorption Rate (Sales Pace) Support

Comparable Communities Pricing Data (MetroStudy Data Summary)

Location	Average of Open Date	Sum of Total Units Planned	Sum of Total Units Sold	Sum of Total Units Remaining	Avg 3 Month Sales Rate	Avg Sales Rate
						(Since Open Date)
Brevard County	5/22/2020	6,095	3,329	2,766	3.98	3.35
Cocoa	2/21/2020	1,542	436	1,106	5.67	4.83
Melbourne	3/23/2019	2,070	1,565	505	3.45	2.54
Merritt Island	9/21/2021	163	61	102	2.50	2.69
Mims	10/2/2021	158	118	40	12.00	10.09
Palm Bay	1/14/2021	1,790	1,080	710	4.00	3.52
Satellite Beach	4/1/2022	72	12	60	2.00	2.20
Viera	4/13/2022	300	57	243	3.50	3.97
Lake County	2/8/2019	55,990	39,982	16,008	6.99	5.14
Clermont	12/27/2018	4,914	3,436	1,478	3.03	3.68
Deer Island	3/8/2021	24	21	3	N/A	1.15
Eustis	3/9/2022	236	55	181	5.67	5.62
Four Corners	3/20/2021	147	142	5	3.00	3.89
Groveland	11/14/2020	909	563	346	4.50	4.38
Howey-in-the-Hills	3/26/2021	134	99	35	0.67	2.27
Lady Lake	1/23/2010	45,423	32,995	12,428	66.20	19.92
Leesburg	1/25/2021	1,016	613	403	1.93	3.17
Mascotte	8/15/2018	314	230	84	3.00	4.75
Minneola	9/23/2019	795	652	143	3.20	3.93
Montverde	10/10/2021	302	92	210	0.92	1.09
Mount Dora	4/25/2018	869	489	380	1.07	2.61
Oakland	10/11/2020	260	203	57	1.00	3.87
Okahumpka	11/1/2020	128	109	19	2.67	4.82
Sorrento	8/20/2016	99	99	0	N/A	1.35
Tavares	1/10/2022	420	184	236	6.83	5.86
Orange County	3/8/2020	12,409	7,905	4,504	2.93	3.84
Apopka	7/4/2021	1,108	775	333	3.15	4.81
Gotha	7/23/2022	42	15	27	N/A	7.92
Kissimmee	1/4/2022	240	52	188	6.00	6.75
Mount Dora	9/16/2021	274	131	143	4.84	5.67
Ocoee	1/25/2020	263	207	56	1.67	3.01
Orlando	4/13/2019	7,413	4,579	2,834	2.94	3.23
Winter Garden	8/3/2020	3,069	2,146	923	2.50	3.91

Comparable Communities Pricing Data (MetroStudy Data Summary)

Location	Average of Open Date	Sum of Total Units Planned	Sum of Total Units Sold	Sum of Total Units Remaining	Avg 3 Month Sales Rate	Avg Sales Rate
						(Since Open Date)
Osceola County	8/25/2020	14,318	9,371	4,947	3.46	4.51
Celebration	10/1/2021	285	155	130	1.56	3.56
Harmony	8/13/2020	330	236	94	2.11	3.35
Kissimmee	1/26/2020	7,332	5,146	2,186	4.08	4.38
Poinciana	5/1/2021	224	115	109	7.00	7.15
Reunion	12/23/2016	73	69	4	0.33	1.01
St. Cloud	3/2/2021	6,074	3,650	2,424	3.04	4.83
Polk County	1/3/2021	13,781	8,981	4,800	3.93	4.45
Auburndale	3/21/2021	787	371	416	3.38	3.82
Bartow	9/15/2021	335	232	103	N/A	6.02
Davenport	2/27/2021	4,497	2,999	1,498	3.92	4.74
Frostproof	8/21/2021	20	16	4	N/A	0.65
Fussels Corner	1/29/2022	34	30	4	7.00	6.84
Haines City	2/11/2021	2,503	1,448	1,055	3.52	4.53
Kissimmee	10/8/2018	654	586	68	4.55	4.13
Lake Alfred	12/25/2021	243	135	108	1.34	6.19
Lake Hamilton	3/15/2021	24	23	1	1.33	1.34
Lake Wales	9/1/2021	55	10	45	2.00	0.86
Lakeland	11/27/2020	1,771	1,258	513	3.97	4.11
Poinciana	5/25/2015	284	146	138	N/A	0.83
Winter Haven	2/9/2021	2,574	1,727	847	4.88	4.78
Volusia County	3/2/2020	8,972	6,198	2,774	3.83	3.90
Daytona Beach	11/12/2019	2,798	2,193	605	9.00	5.54
DeBary	7/29/2020	626	455	171	1.87	3.67
DeLand	7/11/2020	2,179	1,144	1,035	3.18	3.73
Deltona	1/4/2019	481	282	199	4.00	3.47
Edgewater	1/1/2020	468	350	118	11.33	3.39
Lake Helen	10/1/2018	93	85	8	N/A	1.77
New Smyrna Beach	5/24/2020	958	824	134	2.78	3.84
Oak Hill	1/1/2017	41	39	2	N/A	0.59
Ormond Beach	12/24/2020	898	536	362	2.28	4.23
Osteen	9/30/2021	32	22	10	1.33	2.96
Port Orange	12/4/2018	398	268	130	1.92	2.35

Average Sales Price Conclusions and Support

Comparable Communities Pricing Data
(MetroStudy Data Summary)

Location	Comparable Communities Sale Price			Price Per Square Foot		
	Low	High	Average	Low	High	Average
Brevard County	\$431,273	\$536,454	\$483,864	\$179	\$222	\$200
Cocoa	\$302,627	\$389,960	\$346,293	\$135	\$174	\$155
Melbourne	\$513,122	\$631,295	\$572,208	\$203	\$250	\$226
Merritt Island	\$462,645	\$614,345	\$538,495	\$153	\$204	\$179
Mims	\$308,990	\$365,990	\$337,490	\$141	\$167	\$154
Palm Bay	\$320,955	\$407,295	\$364,125	\$148	\$188	\$168
Satellite Beach	\$774,900	\$989,900	\$882,400	\$270	\$345	\$307
Viera	\$516,233	\$665,233	\$590,733	\$196	\$252	\$224
Lake County	\$440,889	\$541,380	\$491,134	\$181	\$222	\$202
Clermont	\$475,196	\$538,615	\$506,906	\$196	\$222	\$209
Deer Island	\$309,990	\$432,990	\$371,490	\$121	\$169	\$145
Eustis	\$340,995	\$417,495	\$379,245	\$155	\$190	\$173
Four Corners	\$429,490	\$502,990	\$466,240	\$201	\$236	\$218
Groveland	\$349,615	\$450,949	\$400,282	\$153	\$198	\$175
Howey-in-the-Hills	\$442,490	\$529,490	\$485,990	\$150	\$179	\$164
Lady Lake	\$343,120	\$637,213	\$490,166	\$169	\$313	\$241
Leesburg	\$313,819	\$383,447	\$348,633	\$149	\$182	\$166
Mascotte	\$317,990	\$406,990	\$362,490	\$140	\$179	\$159
Minneola	\$458,495	\$571,493	\$514,994	\$173	\$215	\$194
Montverde	\$787,325	\$907,325	\$847,325	\$221	\$255	\$238
Mount Dora	\$433,312	\$520,112	\$476,712	\$172	\$206	\$189
Oakland	\$627,990	\$755,990	\$691,990	\$207	\$249	\$228
Okahumpka	\$303,950	\$396,950	\$350,450	\$143	\$186	\$165
Sorrento	\$555,990	\$704,900	\$630,445	\$191	\$242	\$216
Tavares	\$318,739	\$369,813	\$344,276	\$164	\$190	\$177
Orange County	\$531,492	\$623,691	\$577,592	\$211	\$248	\$230
Apopka	\$433,526	\$501,664	\$467,595	\$176	\$204	\$190
Gotha	\$909,995	\$1,095,995	\$1,002,995	\$213	\$257	\$235
Kissimmee	\$455,990	\$484,990	\$470,490	\$241	\$256	\$248
Mount Dora	\$449,995	\$541,495	\$495,745	\$152	\$183	\$167
Ocoee	\$422,245	\$485,245	\$453,745	\$181	\$207	\$194
Orlando	\$549,523	\$659,771	\$604,647	\$212	\$254	\$233
Winter Garden	\$558,166	\$636,612	\$597,389	\$238	\$271	\$255

**Comparable Communities Pricing Data
(MetroStudy Data Summary)**

Comparable Communities

Location	Sale Price			Price Per Square Foot		
	Low	High	Average	Low	High	Average
Osceola County	\$464,009	\$552,220	\$508,115	\$196	\$233	\$215
Celebration	\$624,240	\$725,115	\$674,678	\$259	\$301	\$280
Championsgate	\$533,990	\$562,990	\$548,490	\$216	\$228	\$222
Harmony	\$426,323	\$505,990	\$466,157	\$197	\$234	\$216
Kissimmee	\$442,747	\$513,967	\$478,357	\$187	\$217	\$202
Poinciana	\$365,000	\$412,700	\$388,850	\$193	\$218	\$205
Reunion	\$1,727,930	\$2,892,500	\$2,310,215	\$342	\$573	\$457
St. Cloud	\$441,709	\$523,701	\$482,705	\$190	\$225	\$208
Polk County	\$335,943	\$423,715	\$379,829	\$155	\$195	\$175
Auburndale	\$341,233	\$440,219	\$390,726	\$142	\$183	\$162
Bartow	\$323,990	\$412,990	\$368,490	\$133	\$169	\$151
Davenport	\$371,476	\$455,872	\$413,674	\$173	\$213	\$193
Frostproof	\$283,400	\$357,400	\$320,400	\$142	\$179	\$160
Fussels Corner	\$298,240	\$411,990	\$355,115	\$122	\$169	\$146
Haines City	\$312,676	\$388,665	\$350,671	\$154	\$191	\$172
Kissimmee	\$343,764	\$495,281	\$419,523	\$185	\$266	\$225
Lake Alfred	\$324,208	\$411,208	\$367,708	\$147	\$187	\$167
Lake Hamilton	\$28,900	\$489,900	\$259,400	\$12	\$201	\$106
Lake Wales	\$285,900	\$395,900	\$340,900	\$126	\$174	\$150
Lakeland	\$349,089	\$438,667	\$393,878	\$148	\$186	\$167
Poinciana	\$230,700	\$255,200	\$242,950	\$118	\$131	\$125
Winter Haven	\$322,444	\$400,249	\$361,346	\$152	\$188	\$170
Volusia County	\$415,337	\$490,722	\$453,030	\$189	\$223	\$206
Daytona Beach	\$371,713	\$465,990	\$418,852	\$170	\$213	\$192
DeBary	\$388,490	\$498,075	\$443,282	\$167	\$214	\$191
DeLand	\$423,363	\$486,011	\$454,687	\$206	\$236	\$221
Deltona	\$388,993	\$556,327	\$472,660	\$172	\$245	\$208
Edgewater	\$607,945	\$700,395	\$654,170	\$215	\$247	\$231
Lake Helen	\$381,900	\$404,000	\$392,950	\$210	\$222	\$216
New Smyrna Beach	\$373,406	\$431,691	\$402,549	\$177	\$205	\$191
Oak Hill	\$500,900	\$500,900	\$500,900	\$257	\$257	\$257
Ormond Beach	\$426,911	\$492,133	\$459,522	\$201	\$232	\$216
Osteen	\$438,990	\$488,990	\$463,990	\$171	\$191	\$181
Port Orange	\$475,556	\$531,695	\$503,626	\$184	\$206	\$195

Landsea | Hanover Community Contract Pricing Support

DEV Code	Community Name	Address	Average SF	Average Contract Price (Backlog)	\$/SF
A5	Ardmore Reserve 50s	1860 Bonser Road, Minneola, FL 34715	2,485	\$433,595	\$174.48
A7	Ardmore Reserve 70s	1924 Bonser Road, Minneola, FL 34715	3,540	\$560,531	\$158.34
CY	Celery Oaks	1257 Celery Oaks Lane, Sanford, FL 32771	2,122	\$416,476	\$196.27
CH	Cypress Hammock — SF	1237 REGAL KING DRIVE KISSIMMEE, FL 34746	2,152	\$406,261	\$188.78
CT	Cypress Hammock — TH	1298 Wispy Cypress Dr., Kissimmee, FL 34746	1,890	\$359,835	\$190.39
DE	Davenport Estates	405 Tisone Lane, Davenport, FL 33837	2,172	\$388,060	\$178.66
GF	Greenfield	508 Meadow Bend Dr, Davenport, FL 33837	2,219	\$376,216	\$169.54
H4	Hanover Lakes 50s — Non-Water	3196 Wauseon Drive, St. Cloud, FL 34772	2,470	\$421,908	\$170.81
H5	Hanover Lakes 50s — Water	4918 Chase Court, St. Cloud, FL 34772	2,575	\$470,336	\$182.65
H6	Hanover Lakes 60s — Water	4923 Chase Court, St. Cloud, FL 34772	3,365	\$598,396	\$177.83
HC	Horse Creek	US-17 DAVENPORT, FL 33837	2,107	\$398,393	\$189.08
LK	Lake Lincoln	LAKE LINCOLN LANE EUSTIS, FL 32736	2,069	\$381,921	\$184.59
LL	Legacy Landings	COUNTY RD 547 DAVENPORT, FL 33837	1,825	\$336,874	\$184.59
PP	Preservation Pointe	309 PRESERVE POINTE BLVD. DAVENPORT, FL 33837	2,162	\$367,195	\$169.84
PS	Preserve at Sunrise	326 Irving Bend Drive, Groveland, FL 34736	2,082	\$395,048	\$189.74
R6	Ridgeview 60s	7509 Catania Loop, Clermont, FL 34714	3,964	\$625,303	\$157.75
T4	Trinity Lakes 40s	7104 HONEYCUT LAKE STREET GROVELAND, FL 34736	2,003	\$396,363	\$197.88
WG	Wiregrass 50s	5513 Sabal Drive, St. Cloud, FL 34771	2,557	\$457,211	\$178.81

Note: Andersen Tax LLC notes that the average contract prices noted for the communities above represent the average contract price between February and August 2022.

DEV Code	Community Name	Bedrooms	Bathrooms	Landsea Hanover Community Listing Price Data			Min SF	Max SF	Avg SF	Avg \$/SF (Base Starting Price)
				Min Base Starting Price	Max Base Starting Price	Avg Base Starting Price				
A5, A7	Ardmore Reserve 50s, 70s	4 to 5	2 to 3.5	\$430,999	\$611,999	\$521,499	1,819	4,417	3,118	\$167
BG	Bargrove	4 to 5	2 to 3.5	\$431,999	\$577,999	\$504,999	2,103	4,417	3,260	\$155
B4, B5, B6	Beresford Woods 40s	4 to 5	2 to 3.5	—	—	—	1,509	4,417	2,963	—
CY	Celery Oaks	4 to 6	2 to 3.5	\$429,999	\$477,999	\$453,999	2,103	2,737	2,420	\$188
CH	Cypress Hammock — SF	3 to 4	2.0 to 2.5	\$376,999	\$487,999	\$432,499	1,509	2,903	2,206	\$196
CT	Cypress Hammock — TH	3 to 4	3	\$376,999	\$385,999	\$381,499	1,876	1,918	1,897	\$203
GF	Greenfield	4 to 5	2 to 3	\$373,999	\$450,999	\$412,499	1,711	3,198	2,455	\$184
HR	Hammock Reserve	3 to 4	2.0 to 2.5	\$328,999	\$405,999	\$367,499	1,635	2,737	2,186	\$168
H4, H5, H6	Hanover Lakes 50s — Non-Water/Water,	4 to 6	2 to 4	\$438,999	\$668,999	\$553,999	1,900	4,417	3,159	\$175
	Hanover Lakes 60s — Water									
HC	Horse Creek	4	2.0 to 2.5	\$332,999	\$414,999	\$373,999	1,509	2,903	2,206	\$170
LK	Lake Lincoln	3 to 5	2.0 to 3.0	\$340,999	\$437,999	\$389,499	1,635	3,198	2,417	\$161
LL	Legacy Landings	3 to 4	2.5 to 3.0	\$288,999	\$299,999	\$294,499	1,603	1,982	1,793	\$164
HM	Hills at Minneola	4 to 5	2 to 3.5	—	—	—	1,819	4,417	3,118	—
PP	Preservation Pointe	4	2.0 to 2.5	\$333,999	\$408,999	\$371,499	1,509	2,903	2,206	\$168
PS	Preserve at Sunrise	3 to 5	2.0 to 3.0	\$356,999	\$434,999	\$395,999	1,704	3,198	2,451	\$162
R4, R5, R6	Ridgeview 40s, 50s, 60s	4 to 5	2 to 3.5	\$483,999	\$655,999	\$569,999	1,819	4,417	3,118	\$183
SL	Sky Lake Estates — SF	3 to 5	2.0 to 3.0	\$399,999	\$489,999	\$444,999	1,635	3,198	2,417	\$184
T4, T5, T6	Trinity Lakes 40s, 50s, 60s	4	2 to 2.5	\$334,999	\$445,999	\$390,499	1,509	2,903	2,206	\$177

Valuation Analysis Related to Hanover Family Builders as of August 31, 2022

Summary Cash Flows	2022				2023				2024				2025				2026				2027		Grand Total
	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	
A5																							
Units — Sales	3	9	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14
Units — Starts	2	5	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	14
Units — Closings	5	7	9	6	7	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	36
Units — Takeowns	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1. Revenue	\$2,492,944	\$3,504,321	\$4,488,090	\$3,005,251	\$3,525,713	\$1,010,487	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$18,027,006
2. Land Costs	(575,314)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(575,314)
3. Direct Construction	(\$397,475)	(\$1,303,232)	(\$1,890,215)	(\$1,421,871)	(\$80,697)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,293,489)
4. Selling Costs	(\$341,593)	(\$478,230)	(\$616,333)	(\$413,182)	(\$484,657)	(\$138,892)	(\$138,892)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,472,888)
5. Indirects	(\$12,501)	(\$27,272)	(\$27,552)	(\$25,774)	(\$22,979)	(\$2,300)	(\$2,300)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$116,358)
6. Financing — Interest	(\$7,088)	(\$18,934)	(\$14,016)	(\$18,531)	(\$9,828)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$68,398)
6. Financing — Finding	\$504,591	\$977,424	\$1,417,661	\$1,066,403	\$60,523	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$4,026,603
6. Financing — Release	(\$842,438)	(\$1,179,413)	(\$1,516,389)	(\$1,010,926)	(\$1,179,413)	(\$336,975)	(\$336,975)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$6,065,554)
7. Net Cash Flow	\$1,316,923	\$1,748,978	\$2,194,433	\$1,419,962	\$2,085,989	\$611,766	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,378,051
A7																							
Units — Sales	3	7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10
Units — Starts	1	12	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	18
Units — Closings	2	16	12	11	9	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	50
Units — Takeowns	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
1. Revenue	\$1,219,298	\$9,703,388	\$7,288,332	\$6,715,961	\$5,519,981	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$30,447,010
2. Land Costs	\$0	(\$103,189)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$103,189)
3. Direct Construction	(\$1,253,770)	(\$4,699,308)	(\$3,631,793)	(\$1,109,152)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$10,694,024)
4. Selling Costs	(\$162,170)	(\$1,297,361)	(\$976,488)	(\$898,671)	(\$739,368)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$4,075,058)
5. Indirects	(\$11,733)	(\$56,008)	(\$38,711)	(\$46,874)	(\$21,546)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$174,871)
6. Financing — Interest	(\$21,107)	(\$60,904)	(\$58,006)	(\$41,863)	(\$9,549)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$191,429)
6. Financing — Finding	\$940,328	\$3,601,873	\$2,723,845	\$831,864	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$8,097,909
6. Financing — Release	(\$509,301)	(\$4,074,408)	(\$3,105,806)	(\$2,801,155)	(\$2,291,854)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$12,732,523)
7. Net Cash Flow	\$294,630	\$3,758,763	\$2,811,668	\$3,164,946	\$2,881,347	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,911,354

Summary Cash Flows	2022				2023				2024				2025				2026				2027				Grand Total
	Qtr3	Qtr4	Qtr1	Qtr2	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4		
EL																									
Units — Sales	0	8	10	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
Units — Starts	0	0	12	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
Units — Closings	0	0	0	0	8	10	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
Units — Takeowns	0	0	12	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
1. Revenue	\$0	\$24,000	\$30,000	\$27,000	\$2,624,666	\$3,287,439	\$2,976,921	\$2,991,947	\$3,006,972	\$3,021,998	\$3,037,023	\$3,052,049	\$3,068,074	\$3,083,100	\$3,098,125	\$2,055,098	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2. Land Costs	\$0	\$0	\$774,000	\$538,600	\$596,700	\$604,800	\$612,900	\$621,000	\$629,100	\$637,200	\$645,300	\$653,400	\$661,500	\$669,600	\$677,700	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3. Direct Construction	\$0	\$0	\$991,692	\$2,227,271	\$1,980,306	\$1,968,678	\$1,984,088	\$1,999,450	\$2,014,848	\$2,030,238	\$2,045,628	\$2,061,018	\$2,076,408	\$2,091,798	\$2,107,188	\$318,542	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4. Selling Costs	\$0	\$0	\$0	\$0	\$351,355	\$440,917	\$898,828	\$400,766	\$402,704	\$404,643	\$406,581	\$408,519	\$410,458	\$412,396	\$414,334	\$277,300	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
5. Indirects	\$0	\$6,667	\$114,313	\$26,725	\$38,307	\$38,307	\$38,307	\$38,307	\$38,307	\$38,307	\$38,307	\$38,307	\$38,307	\$38,307	\$38,307	\$34,069	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. Financing — Interest	\$0	\$0	\$10,792	\$39,230	\$55,565	\$48,472	\$48,004	\$47,788	\$47,824	\$48,113	\$48,653	\$49,446	\$50,491	\$51,995	\$28,347	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. Financing — Funding	\$0	\$0	\$1,246,869	\$2,053,043	\$1,873,085	\$1,869,629	\$1,886,436	\$1,903,244	\$1,920,051	\$1,936,859	\$1,953,666	\$1,970,474	\$1,987,281	\$1,467,455	\$238,906	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. Financing — Release	\$0	\$0	\$0	\$0	\$1,699,581	\$2,124,476	\$1,912,028	\$1,912,028	\$1,912,028	\$1,912,028	\$1,912,028	\$1,912,028	\$1,912,028	\$1,912,028	\$1,912,028	\$1,912,028	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7. Net Cash Flow	\$0	\$17,333	\$63,928	\$801,781	\$88,385	\$300,586	\$113,543	\$121,154	\$128,488	\$135,544	\$142,324	\$148,826	\$146,050	\$377,138	\$853,313	\$654,507	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
GF																									
Units — Sales	3	9	9	9	9	9	9	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Units — Starts	4	8	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
Units — Closings	7	15	11	10	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	9	
Units — Takeowns	0	4	0	4	5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1. Revenue	\$2,896,759	\$6,215,055	\$4,583,921	\$4,186,877	\$3,790,537	\$3,809,552	\$3,807,566	\$3,820,580	\$3,839,594	\$3,854,090	\$3,868,586	\$3,883,082	\$3,897,578	\$3,912,074	\$3,926,570	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2. Land Costs	\$0	\$249,056	\$0	\$255,262	\$325,303	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3. Direct Construction	\$800,229	\$3,029,139	\$2,266,735	\$2,343,277	\$2,373,082	\$2,402,888	\$2,432,693	\$2,462,498	\$2,492,303	\$2,522,108	\$2,551,913	\$2,581,718	\$2,611,523	\$2,641,328	\$2,671,133	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4. Selling Costs	\$383,801	\$822,431	\$605,550	\$552,704	\$499,949	\$502,383	\$504,816	\$507,250	\$509,684	\$512,118	\$514,552	\$516,986	\$519,420	\$521,854	\$524,288	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
5. Indirects	\$20,793	\$53,824	\$47,636	\$44,187	\$42,347	\$41,767	\$41,187	\$40,607	\$40,027	\$39,447	\$38,867	\$38,287	\$37,707	\$37,127	\$36,547	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. Financing — Interest	\$14,943	\$41,448	\$38,634	\$31,539	\$33,308	\$35,555	\$38,048	\$40,541	\$43,034	\$45,527	\$48,020	\$50,513	\$53,006	\$55,499	\$57,992	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. Financing — Funding	\$600,172	\$2,458,651	\$1,700,051	\$1,948,904	\$2,023,789	\$1,802,166	\$1,824,520	\$1,166,533	\$80,102	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. Financing — Release	\$1,382,590	\$2,982,692	\$2,172,641	\$1,975,128	\$1,777,615	\$1,777,615	\$1,777,615	\$1,777,615	\$1,777,615	\$1,777,615	\$1,777,615	\$1,777,615	\$1,777,615	\$1,777,615	\$1,777,615	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7. Net Cash Flow	\$1,121,475	\$2,001,332	\$1,510,551	\$1,260,016	\$1,057,696	\$1,147,702	\$1,137,845	\$1,374,254	\$1,775,955	\$617,884	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Summary Cash Flows	2023				2024				2025				2026				2027				Grand Total
	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4			
SC																					
Units — Sales	0	0	0	0	12	12	12	12	12	12	12	12	11	0	0	0	0	0	0	0	
Units — Starts	0	0	0	0	4	12	12	12	12	12	12	12	12	7	0	0	0	0	0	0	
Units — Closings	0	0	0	0	0	0	0	12	12	12	12	12	12	12	11	0	0	0	0	0	
Units — Take downs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1. Revenue	\$0	\$0	\$0	\$0	\$36,000	\$36,000	\$36,000	\$6,877,440	\$6,910,704	\$6,943,968	\$6,977,232	\$7,010,496	\$7,040,760	\$7,074,024	\$6,314,332	\$0	\$0	\$0	\$0	\$0	
2. Land Costs	(\$37,000)	(\$1,116,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3. Direct Construction	\$0	\$0	\$0	\$0	(\$219,055)	(\$2,999,056)	(\$4,924,531)	(\$4,978,584)	(\$5,032,637)	(\$5,086,690)	(\$5,140,743)	(\$5,194,796)	(\$5,248,850)	(\$4,940,692)	(\$1,763,979)	\$0	\$0	\$0	\$0	\$0	
4. Selling Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$902,439)	(\$906,690)	(\$910,941)	(\$915,192)	(\$919,443)	(\$923,695)	(\$927,946)	(\$932,197)	(\$838,293)	\$0	\$0	\$0	\$0	
5. Indirects	(\$5,350)	(\$56,650)	(\$66,050)	(\$31,050)	(\$25,682)	(\$61,845)	(\$67,007)	(\$80,719)	(\$82,858)	(\$60,057)	(\$57,317)	(\$54,638)	(\$52,019)	(\$49,305)	(\$44,210)	(\$28,412)	\$0	\$0	\$0	\$0	
6. Financing — Interest	(\$23,745)	(\$71,234)	(\$71,234)	(\$71,234)	(\$71,918)	(\$89,129)	(\$132,144)	(\$141,410)	(\$132,564)	(\$124,224)	(\$116,391)	(\$109,064)	(\$102,244)	(\$94,622)	(\$67,165)	(\$15,516)				(\$1,433,839)	
6. Financing — Funding	\$334,800	\$0	\$0	\$0	\$377,326	\$2,888,285	\$4,332,506	\$4,373,046	\$4,413,586	\$4,454,125	\$4,494,665	\$4,535,205	\$4,575,745	\$4,078,332	\$1,322,984	\$0	\$0	\$0	\$0	\$0	
6. Financing — Release	\$0	\$0	\$0	\$0	(\$213,036)	(\$639,108)	(\$639,108)	(\$639,108)	(\$5,107,807)	(\$5,107,807)	(\$5,107,807)	(\$5,107,807)	(\$5,107,807)	(\$4,841,512)	(\$4,468,699)	(\$4,096,308)	\$0	\$0	\$0	\$0	
7. Net Cash Flow	(\$62,295)	(\$1,243,284)	(\$137,284)	(\$102,284)	(\$116,363)	(\$864,733)	(\$1,394,284)	\$500,745	\$625,079	\$653,845	\$682,043	\$709,614	\$733,737	\$819,252	\$1,677,120	\$2,027,450	\$0	\$0	\$0	\$0	
SL																					
Units — Sales	3	9	9	9	9	9	7	0	0	0	0	0	0	0	0	0	0	0	0	0	
Units — Starts	6	6	9	9	9	9	9	5	0	0	0	0	0	0	0	0	0	0	0	0	
Units — Closings	0	0	0	9	9	9	9	9	8	0	0	0	0	0	0	0	0	0	0	0	
Units — Take downs	3	9	9	9	9	9	5	0	0	0	0	0	0	0	0	0	0	0	0	0	
1. Revenue	\$9,000	\$27,000	\$27,000	\$4,057,163	\$4,079,851	\$4,094,271	\$4,093,690	\$4,114,110	\$3,674,381	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2. Land Costs	(\$219,000)	(\$667,000)	(\$666,570)	(\$673,425)	(\$682,280)	(\$691,135)	(\$699,135)	(\$699,135)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
3. Direct Construction	(\$287,644)	(\$1,673,318)	(\$2,438,137)	(\$2,438,137)	(\$2,638,571)	(\$2,702,680)	(\$2,486,841)	(\$821,603)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
4. Selling Costs	\$0	\$0	\$0	(\$547,204)	(\$550,180)	(\$532,860)	(\$555,539)	(\$558,218)	(\$498,476)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
5. Indirects	(\$27,029)	(\$23,239)	(\$28,093)	(\$39,465)	(\$40,016)	(\$40,055)	(\$39,652)	(\$36,429)	(\$23,899)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. Financing — Interest	(\$1,790)	(\$30,893)	(\$32,926)	(\$60,153)	(\$64,138)	(\$64,352)	(\$63,016)	(\$43,294)	(\$9,493)												
6. Financing — Funding	\$353,083	\$1,682,088	\$2,259,923	\$2,416,655	\$2,447,101	\$2,477,548	\$2,118,277	\$616,202	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
6. Financing — Release	\$0	\$0	\$0	(\$2,441,178)	(\$2,441,178)	(\$2,441,178)	(\$2,441,178)	(\$2,441,178)	(\$2,169,936)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7. Net Cash Flow	(\$163,381)	(\$665,712)	(\$895,802)	(\$392,423)	(\$397,604)	(\$398,789)	\$559,055	\$1,153,699	\$1,261,814	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Summary Cash Flows	2022				2023				2024				2025				2026				2027				Grand Total
	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4	Qtr1	Qtr2	Qtr3	Qtr4			
WG																									
Units — Sales	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Units — Starts	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	
Units — Closings	6	4	9	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	21	
Units — Take downs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
1. Revenue	\$2,840,400	\$1,893,600	\$4,271,868	\$953,239	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$9,859,108	
2. Land Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Direct Construction	(\$682,881)	(\$1,176,690)	(\$75,821)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,935,392)
4. Selling Costs	(\$400,556)	(\$267,057)	(\$602,372)	(\$134,398)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$1,404,363)
5. Indirects	(\$17,002)	(\$47,369)	(\$37,369)	(\$2,300)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$104,368)
6. Financing — Interest	(\$7,099)	(\$23,306)	(\$8,076)	\$0																					(\$38,481)
6. Financing — Funding	\$512,161	\$882,518	\$56,865	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,451,544
6. Financing — Release	(\$1,057,226)	(\$704,818)	(\$1,385,839)	(\$352,409)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,700,292)
7. Net Cash Flow	\$1,418,076	\$710,089	\$2,365,442	\$541,331	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,034,938
Grand Total	\$3,201,043	\$49,511,746	\$51,030,033	\$37,940,987	\$39,243,430	\$36,143,326	\$42,676,078	\$48,309,075	\$46,492,486	\$43,939,914	\$42,652,308	\$23,962,344	\$21,572,057	\$15,940,838	\$18,173,696	\$15,735,627	\$6,414,795	\$7,452,760	\$7,439,775	\$5,468,139	\$3,646,048	\$1,488,149	\$508,434,654		

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) Directors' Interests and short positions in Shares, underlying shares and debentures of the Company and its associated corporation

As at the Latest Practicable Date, save as disclosed below, none of the Directors or 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 and 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	2,755,445,866 (Notes 1 and 2)	58.35%
	Beneficial owner	8,901,500	0.19%
Mr. Huang Zheng	Beneficial owner	25,000,000 (Note 3)	0.52%
Ms. Gu Jing	Beneficial owner	36,000	0.00%

Notes:

- These include (i) 2,011,513,187 Shares held through Greensheid Corporation (“**Greensheid**”); (ii) 376,017,785 ordinary shares held through Easycorps Group Limited (“**Easycorps**”); and (iii) 367,914,894 ordinary shares held through Landsea International Holdings Limited (“**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**”) and 15.85% by Mr. Tian Ming. Nanjing Ding Chong is a company wholly and beneficially owned by Mr. Tian Ming. Mr. Tian Ming is regarded as the controlling shareholder of Landsea Group. Easycorps is a company wholly and beneficially owned by Mr. Tian Ming. Therefore, Mr. Tian Ming is deemed to be interested in these 2,755,445,866 Shares pursuant to the SFO.
- 20,000,000 Shares are restricted Shares granted by the Company pursuant to the restricted share award scheme adopted by the Board on 2 July 2014. 5,000,000 share options were granted to Mr. Huang Zheng on 1 April 2022 under the share option scheme adopted by the Company on 25 April 2012. The aforesaid share options could be exercised from 1 April 2023 to 31 March 2032 to subscribe for 5,000,000 Shares of HK\$0.01 each in the Company at the exercise price of HK\$0.242 per Share.

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 Ming	Chairman and president	Landsea Group Co., 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.

Name of Shareholders	Long Position/ Short Position	Capacity	Number of Shares held	Approximate percentage in total number of issued Shares
Landsea Group Co., Ltd. (<i>Note 1</i>)	Long position	Interest in controlled corporation	2,379,428,081	50.39%

Name of Shareholders	Long Position/ Short Position	Capacity	Number of Shares held	Approximate percentage in total number of issued Shares
Landsea International (Note 1)	Long Position	Interest in controlled corporation	2,011,513,187	42.60%
		Beneficial interest	367,914,894	7.79%
Nanjing Ding Chong (Note 1)	Long Position	Interest in controlled corporation	2,379,428,081	50.39%
Greensheid (Note 1)	Long position	Beneficial interest	2,011,513,187	42.60%
Easycorps (Note 2)	Long position	Beneficial interest	376,017,785	7.96%
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%

Name of Shareholders	Long Position/ Short Position	Capacity	Number of Shares held	Approximate percentage in total number of issued Shares
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%
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	331,376,970	7.02%
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%

Name of Shareholders	Long Position/ Short Position	Capacity	Number of Shares held	Approximate percentage in total number of issued Shares
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:

- These include (i) 2,011,513,187 ordinary shares held through Greensheid and (ii) 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. Landsea Group is owned as to 34.15% by 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.
- Easycorps is a company wholly and beneficially owned by Mr. Tian.
- 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.
- 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, none of the Directors had any interest, either directly or indirectly, in any assets which has since 31 December 2021 (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 shareholder loan framework agreement dated 31 December 2015 entered into between the Company and Landsea Group (the "**Framework Agreement**") pursuant to which Landsea Group agreed to grant shareholder loan(s) in an aggregate principal amount of not exceeding RMB4,000,000,000 (or Hong Kong Dollar equivalent) to the Company and/or its subsidiaries during the two-year period up to 31 December 2017 at an interest rate of 5.5% per annum and the amounts are interest free since 1

January 2018. As at 31 December 2021, Landsea International, a wholly-owned subsidiary of Landsea Group has granted an aggregate of RMB70,417,000 to the Company which remains outstanding. Apart from the grant of shareholder's loan under the Framework Agreement above, Landsea Group has also granted to LHC, an indirect wholly-owned subsidiary of the Company, certain loans in an aggregate principal amount of RMB1,665,000,000 with interest rate ranging from 5.294% to 6.6345% per annum repayable in 5 years from the respective date of drawdown. As at 31 December 2021, an aggregate of RMB917,577,000 remain outstanding;

- (ii) the framework agreement dated 28 December 2020 entered into between the Company and Nanjing Landsea Property Management Limited, pursuant to which Nanjing Landsea Property Management Limited and its subsidiaries shall provide properties services and properties consulting services to the Group for a term of three years commencing from 1 January 2021 to 31 December 2023 at annual caps of RMB75 million, RMB78 million and RMB82 million respectively;
- (iii) the framework agreement dated 28 December 2020 entered into between the Company and Landsea Group, pursuant to which the Group shall provide project management services to Landsea Group and its subsidiaries for a term of three years commencing from 28 December 2020 to 27 December 2023 at annual caps of RMB85 million per year;
- (iv) the framework agreement dated 28 December 2020 entered into between the Company with Shanghai Landleaf Architecture Technology Co., Ltd., pursuant to which Shanghai Landleaf Architecture Technology Co., Ltd. shall continue to provide green architecture technological services to the Group for a term of three years commencing from 1 January 2021 to 31 December 2023 at annual caps of RMB25 million, RMB28 million and RMB31 million respectively; and
- (v) the framework agreement dated 22 November 2021 entered into between the Company and Landsea Green Life Service Company Limited (“**Landsea Green Life**”) pursuant to which the Company agreed to engage Landsea Green Life and its subsidiaries (“**Landsea Green Life Group**”) as the exclusive sales agent to provide property agency services for the properties held by the Group until 31 December 2023; and Landsea Green Life Group shall pay the Group a security deposit for the performance by Landsea Green Life Group of its obligations under the agreement.

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. the equity transfer agreement dated 18 December 2020 entered into between 南京朗銘地產集團有限公司 (Nanjing Langming Real Estate Group Co., Ltd.) (“**Nanjing Langming**”), Xi’an Jiapeng Real Estate Development Co., Ltd. (“**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 agreed to pay RMB393,520,016.93;
- ii. the equity transfer agreement dated 29 December 2020 entered into by 中國信息產業有限公司 (China Information Industry Limited*) (“**China Information**”), Nanjing Langming, 深圳市科發工貿集團有限公司 (Shenzhen Kofa Industry and Trade Group Co., Ltd.*) (“**Shenzhen Kofa**”) and 曙光信息產業(深圳)有限公司 (Dawning Information Industry (Shenzhen) Limited*) (the “**Subject Company**”), pursuant to which the China Information agreed to sell and Shenzhen Kofa agreed to purchase 100% of the equity interest in the Subject Company at the initial consideration of RMB500,000,000 (subject to adjustment);
- iii. the equity transfer agreement dated 8 February 2021 entered into by 上海朗毓商業管理有限公司 (Shanghai Langyu Commercial Management Limited*) (“**Shanghai Langyu**”), 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**”) and 西安嘉鵬房地產開發有限公司 (Xi’an Jiapeng Real Estate Development Co., Ltd.*) (the “**Target Company**”), pursuant to which Dening Fund agreed to transfer and Shanghai Langyu agreed to purchase the 70% equity interest in the Target Company at the consideration of RMB42,000,000;
- iv. the membership interest purchase agreement dated 27 April 2021 entered into by Landsea Homes US Corporation, Landsea Homes Corporation, Mercedes Premier Homes, LLC and Mr. Keith Buescher, Mr. Scott Buescher, Ms. Susan Girard, Ms. Linda Swain, and Mr. Tom Buescher (collectively known as the “**Sellers**”), pursuant to which Landsea Homes US Corporation conditionally agreed to acquire from the Sellers the entire membership interests of Mercedes Premier Homes, LLC for the initial Purchase Price of US\$54,600,000 (subject to adjustment);

- v. the capital increase agreement dated 15 December 2021 entered into by and among Chengdu Langduo Enterprise Management Consulting Co., Ltd.* (成都朗鐸企業管理諮詢有限公司) (“**Chengdu Langduo**”), Chengdu Desun Property Co., Ltd* (成都德商置業有限公司) and Chengdu Desun Rongda Property Co., Ltd* (成都德商榮達置業有限公司) in relation to the proposed capital contribution by Chengdu Langduo in the total amount of RMB30,000,000;
- vi. the second supplemental agreement dated 16 December 2021 to the loan agreements I entered into on 29 December 2017 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 a second supplemental agreement dated 16 December 2021 to the loan agreements II entered into on 29 December 2017 between Suzhou Langkun and 江蘇國泰紫金科技發展有限公司 (Jiangsu Guotai Zijin Technology Development Company Limited*), pursuant to which Suzhou Langkun agreed to adjust certain terms under the loan agreements I and loan agreements II;
- vii. the Agreement;
- viii. the credit agreement dated 12 May 2022 (the “**Credit Agreement**”) entered into between LHC as borrower, and 1103849 B.C. LTD. as lender, pursuant to which the lender conditionally agreed to provide a loan in a principal amount of US\$45,000,000 to the borrower under the terms and conditions of the Credit Agreement;
- ix. the equity transfer agreement dated 17 May 2022 entered into between 南京朗銘地產集團有限公司 (Nanjing Langming Properties Group Limited*), an indirect wholly-owned subsidiary of the Company as vendor and 南京玖富星海置業有限公司 (Nanjing Jiufu Xinghai Real Estate Co., Ltd.*) as purchaser pursuant to which the vendor agreed to sell, and the purchaser agreed to purchase the entire equity interest in 南京鑫貝盛投資管理有限公司 (Nanjing Xinbeisheng Investment Management Limited*), an indirect wholly-owned subsidiary of the Company at the consideration of RMB85,500,000;
- x. the stock purchase agreement dated 31 May 2022 entered into by LHC and the Purchaser in relation to the proposed disposal of 4,838,710 shares of LSEA Stock for a total consideration of US\$45,000,000;
- xi. the put option agreement dated 31 May 2022 entered into by LHC and the Purchaser pursuant to which the Purchaser shall have the right, but not obligation, to cause LHC to purchase all or a portion of 4,838,710 shares of LSEA Stock at a price of US\$9.30 per each share of LSEA Stock;
- xii. the equity transfer agreement dated 31 May 2022 entered into by Shanghai Langyu, 江蘇國泰華鼎投資有限公司 (Jiangsu Guotai Huading Investment Company Limited*) and Suzhou Langkun in relation to the acquisition of 22.5% equity interest in Suzhou Langkun at the consideration of RMB41,377,657.50;

- xiii. the equity transfer agreement dated 31 May 2022 entered into by Shanghai Langyu and 江蘇國泰紫金科技發展有限公司 (Jiangsu Guotai Zijin Technology Development Company Limited*) in relation to the acquisition of 22.5% equity interest in Suzhou Langkun at the consideration of RMB41,377,657.50;
- xiv. the share repurchase agreement dated 1 June 2022 (United States Eastern Daylight Time) entered into by LHC and Landsea Homes in relation to the proposed repurchase of 4,398,826 shares of LSEA Stock at a repurchase price of US\$6.82 per share of LSEA Stock for a total consideration of approximately US\$30 million;
- xv. the agreement dated 25 August 2022 entered into between, among others, 上海朗昆企業管理有限公司 (Shanghai Langkun Business Management Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, as vendor, and 北京融匯嘉智投資管理中心(有限合夥) (Beijing Ronghui Jiazhi Investment Management Center (Limited Partnership)*) and 廈門嘉晟融懋管理諮詢有限公司 (Xiamen Jiasheng Rongmao Management Consulting Co. Ltd.*) as purchasers, in relation to the sale and purchase of 50% equity interest in 上海融懋商業管理有限公司 (Shanghai Rongmao Commercial Management Co., Ltd.*) at a total consideration of RMB137,575,942.05; and
- xvi. the agreement dated 24 October 2022 entered into by and among 上海朗緒企業管理諮詢有限公司 (Shanghai Langxu Enterprise Management Consultancy Company Limited*), an indirect wholly-owned subsidiary of the Company, as vendor, 南京朗銘地產集團有限公司 (Nanjing Langming Property Group Limited*) and 上海朗青投資管理有限公司 (Shanghai Langqing Investment Management Limited*) as vendor guarantors, and LAO VI CN Company VI Pte. Ltd. as purchaser in relation to the sale and purchase of 100% equity interest in 上海朗松實業有限公司 (Shanghai Langsong Enterprises Company Limited*) at an initial consideration of RMB102,489,655.35, subject to adjustments.

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
Mazars USA LLP	Registered public accountant firm member of the Public Company Accounting Oversight Board (PCAOB) in the USA
Andersen Tax LLC.	Property valuer
Yongtuo Fuson CPA Limited	Certified Public Accountants

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 2021 (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 Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute. She is also a member of the Hong Kong Institute of Directors. Ms. Chan has over 25 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 ON DISPLAY

A copy of each of the following documents will be available on display online on the Stock Exchange's website through e-Submission System and on the Company's website for a period of 14 days from the date of this circular:

- (a) the Agreement;
- (b) the property valuation report prepared by Andersen Tax LLC., the text of which is set out in Appendix V of this circular;
- (c) the written consents referred to in the paragraph headed "Experts and Consents" in this Appendix; and
- (d) this circular.