

HISTORY, REORGANIZATION AND GROUP STRUCTURE

HISTORY AND DEVELOPMENT

Overview

Our Company was incorporated in the Cayman Islands on November 29, 2017 and undertook the Reorganization. For further details of the incorporation of our Company and the Reorganization in preparation for the Listing, see “— The Reorganization” below.

Our project portfolio spans across the PRC. As of June 30, 2018, we had a scalable project portfolio of 142 projects across 36 cities in 11 provinces, two cities in an autonomous region and one municipality. In addition, we participated in 30 projects through joint ventures and associates. For further details, see “Business — Our Business Segments”.

Our History

The history of our Group can be traced back to July 2004 when Mr. He, one of our Controlling Shareholders, acquired a majority equity interest in Midea Real Estate Group Company (then known as Foshan Shunde Welling Realty Company Limited (佛山市順德區威靈房產有限公司)), through a company which was held by Mr. He at that time. Since then, we began focusing on our property development business in Foshan, Guangdong province. For further details of Midea Real Estate Group Company, see “— Our Corporate Development — Our Major Subsidiaries — 1. Midea Real Estate Group Company” below.

Following a number of direct and indirect equity transfers, in September 2013, in preparation for the independent development of our property business, Midea Development (HK), the sole shareholder of Midea Construction (BVI) at that time and which was indirectly owned by Mr. He and Ms. Lu as to 94.55% and 5.45%, respectively, transferred the entire equity interest in Midea Construction (BVI) to Ms. Lu. Since Midea Construction (BVI) held the entire equity interest in Midea Construction (HK) and in turn, the entire equity interest in Midea Real Estate Group Company, Ms. Lu became directly or indirectly interested in the entire equity interest in each of Midea Construction (BVI), Midea Construction (HK) and Midea Real Estate Group Company upon completion of such equity transfers. For further details of our key development milestones in our property development business and other principal business segments, see “— Our Key Business Development Milestones” below.

Mr. He and Ms. Lu have been acting in concert in relation to major issues concerning the management of and exercise of voting rights in members of our Group, notwithstanding that Mr. He does not own any Shares in our Company following the Reorganization. Ms. Lu seeks Mr. He’s view on every key decision in advance, and reaches consensus with Mr. He by obtaining each other’s concurrence on such decision. Ms. Lu is the daughter-in-law of Mr. He, and such relationship demonstrates the mutual trust and bonding in the consensus building process and their joint control of our Company.

To ensure alignment of family interest, Mr. He and Ms. Lu entered into certain acting-in-concert arrangements pursuant to which Mr. He and Ms. Lu remain actual controllers of Midea Real Estate Group Company following the above-mentioned transfer of Midea Construction (BVI) to Ms. Lu. “Actual controller” in the PRC Company Law refers to a person who is not a shareholder of a company but is able to hold actual control of the acts of the company by means of investment relations, agreements or any other arrangements. By virtue of the acting-in-concert arrangements between Mr. He

HISTORY, REORGANIZATION AND GROUP STRUCTURE

and Ms. Lu, and Ms. Lu being the ultimate beneficial owner, both Mr. He and Ms. Lu are the actual controllers of Midea Real Estate Group Company. On May 14, 2018, Ms. Lu and Mr. He further entered into the Deed of Acting-in-concert, pursuant to which Ms. Lu and Mr. He have agreed to consult each other and reach a unanimous consensus among themselves on the subject matters of any shareholders' resolutions to be passed pursuant to applicable constitutional documents, listing rules or other corporate governance documents during the period when Ms. Lu remains in control of our Group, directly or indirectly. Ms. Lu and Mr. He have also confirmed that Mr. He does not hold any economic interest in our Group (including the right to dividend) and that the acting-in-concert arrangement has been in place since the incorporation of our Company or the date when Ms. Lu became interested in any member of our Group, whichever is earlier. As parties acting in concert, Mr. He, Ms. Lu and Midea Development (BVI) are a group of persons who are together entitled to exercise or control the exercise of 30% or more of the voting rights at general meetings of our Company and therefore within the definition of "controlling shareholder" under the Listing Rules. They will continue to be our Controlling Shareholders upon the Listing.

Aside from being a Controlling Shareholder, Mr. He began founding businesses in his mid-twenties in 1968 and established Midea Group Company, which has become one of China's largest appliance makers. Mr. He had also involved in property development since the 1990s, through which he acquired insight and experience in the property development industry. Among which, Mr. He was the legal representative of Shunde Midea Realty Company (順德市美的房產公司), which was a 34.50% shareholder of our major subsidiary, Midea Real Estate Group Company, at the time of its incorporation in January 1995. Mr. He was also involved in the founding of our Group in July 2004 when he acquired a majority equity interests in Midea Real Estate Group Company through a company which was held by Mr. He at that time. Mr. He is currently the chairman of the board of directors of Midea Holding Company, and through which, controls three listed companies, including Midea Group Company (Shenzhen Stock Exchange: 00333), Wuxi Little Swan Co., Ltd. (Shenzhen Stock Exchange: 000418, 200418) and KUKA Aktiengesellschaft (XETRA: KU2). Ms. Lu began engaging in the property development business since becoming the sole shareholder of Midea Construction (BVI) in 2013 as mentioned above.

Our Key Business Development Milestones

The following table sets out a summary of our Group's key business development milestones:

Year	Milestone Event
2004	Acquisition of a majority entity interest in Midea Real Estate Group Company (formerly known as Foshan Shunde Welling Realty Company Limited (佛山市順德區威靈房產有限公司)), being a major subsidiary of our Group for our property development business. Commencement of our residential property project, Junlan Golf Community (君蘭高爾夫社區), in Foshan, Guangdong province.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Year	Milestone Event
2010	<p>Commencement of the development of Guiyang Midea Lincheng Times Mansion (貴陽美的林城時代) in Guiyang, Guizhou province, marking the expansion of our property development operation in Southwest China Economic Region.</p> <p>Commencement of the development of Liyu Lake (栗雨湖) in Zhuzhou, Hunan province, marking the expansion of our property development operation in Midstream of Yangtze River Economic Region.</p> <p>Commencement of the development of Zhuzhou Midea Times Square (株洲時代廣場) in Zhuzhou, Hunan province, marking the expansion of our business in investment and operation of commercial properties.</p> <p>Commencement of the development of Xuzhou Midea City (徐州美的城) in Xuzhou, Jiangsu province, marking the expansion of our property development operation in Yangtze River Delta Economic Region.</p>
2011	<p>Commencement of the development of Handan Midea City (邯鄲美的城) in Handan, Hebei province, marking the expansion of our property development operation in the Bohai Economic Zone.</p>
2013	<p>We were awarded “China’s 100 Best Real Estate Enterprises” (中國房地產卓越100榜) by the Guandian Real Estate New Media (觀點地產新媒體).</p> <p>Our property development and sale exceeds RMB9.8 billion in terms of contract sales, based on our operating data.</p>
2014	<p>We were awarded “2014 China Top 100 Real Estate Developers” (2014中國房地產百強企業) by the China Real Estate Top 10 Research.</p>
2015	<p>Commencement of the development of Foshan Egret Lake Forest Resort (佛山美的鷺湖森林度假區), our first cultural-tourism project, in Gaoming, Guangdong province.</p>
2016	<p>We were awarded “2016 The Most Valuable Smart Real Estate Brand in China” (2016 中國最具價值智慧地產品牌) at the 16th annual conference of Boao 21st Century Real Estate Forum.</p> <p>Foshan Midea Egret Lake Forest Resort (佛山美的鷺湖森林度假區) was included in the “2016 National Selected Tourism Destination Directory” (2016全國優選旅遊項目名錄) by the China National Tourism Administration (國家旅遊局).</p> <p>Midea Property Management, our property management services arm, was listed on the NEEQ.</p> <p>Commencement of the development of Foshan Midea Flowerbay City (佛山美的花灣城), the property development project of our Group which symbolizes the communication of our application of the concept of 5M Smart Health Community.</p>
2017	<p>We were awarded the “2017 Best 100 of China Real Estate Developers” (2017中國房地產開發企業100強) and “2017 Best 10 of Innovation Ability of China Real Estate Developers” (2017中國房地產開發企業創新能力10強) by the China Real Estate Association (中國房地產業協會).</p> <p>Our property development and sale exceeds RMB50.0 billion in terms of contracted sales, based on our operating data.</p> <p>We received the credit rating of AA+ for the first time from China Lianhe Credit Rating Co., Ltd. (聯合信用評級有限公司).</p> <p>Incorporation of our Company in the Cayman Islands.</p>

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Year	Milestone Event
2018	<p>We were awarded the “2018 Best 50 of China Real Estate Developers” (2018中國房地產開發企業50強) by the China Real Estate Association and “2018 China Top 100 Real Estate Developers” by the China Real Estate Top 10 Research.</p> <p>Midea Real Estate Group Company was recognized as an Innovation Base for the National Smart Home Standards (國家智慧居住區標準創制基地) by the National Smart Home Standards Technical Committee (全國智標委智慧居住區分技術委員會).</p>

OUR CORPORATE DEVELOPMENT

Our Major Subsidiaries⁽¹⁾

In general, we establish or acquire a subsidiary or a joint venture for each new project, a structure we believe is necessary for our financing arrangement. Set forth below are certain details of our major PRC subsidiaries.

No.	Company name	Date of establishment	Registered capital as of the Latest Practicable Date	Major business activities	Property development projects ⁽²⁾	Shareholder(s) as of the Latest Practicable Date (approximate shareholding percentage)
1.	Midea Real Estate Group Company	January 13, 1995	RMB2,895,422,725	Property development and sales	Foshan Midea Royal Orchid Mont (佛山美的君蘭江山), Foshan Midea Hancheng (佛山美的翰誠) and Foshan Midea Hancheng Grand View (佛山翰誠嘉園)	Midea Construction (HK) (76%) ⁽³⁾ Ningbo Yuechen (24%) ⁽³⁾
2.	Foshan Gaoming Midea Property	January 14, 2011	RMB400,000,000	Property development and sales	Foshan Midea West Coast (佛山美的西海岸)	Midea Real Estate Group Company (100%)
3.	Foshan Midea Property	August 10, 1998	RMB200,000,000	Property development and sales	Foshan Coastal Garden (佛山海岸花園)	Midea Real Estate Group Company (100%)
4.	Xinan Midea Property	March 26, 2010	RMB500,000,000	Property development and sales	Guiyang Midea Lincheng Times Mansion (貴陽美的林城時代)	Midea Real Estate Group Company (100%)
5.	Changsha Midea Property	April 27, 2017	RMB10,000,000	Property development and sales	N/A	Midea Real Estate Group Company (100%)
6.	Shijiazhuang Midea Property	April 20, 2017	RMB50,000,000	Property development and sales	N/A	Midea Real Estate Group Company (100%)
7.	Ningbo Midea Property	December 14, 2011	RMB300,000,000	Property development and sales	Ningbo Midea Butterfly Sea (寧波美的蝴蝶海)	Midea Real Estate Group Company (100%)
8.	Shenyang Midea Property	April 25, 2017	RMB10,000,000	Property development and sales	N/A	Midea Real Estate Group Company (100%)
9.	Nanchang Midea Property	April 28, 2017	RMB10,000,000	Enterprise management and consultancy	N/A	Midea Real Estate Group Company (100%)

HISTORY, REORGANIZATION AND GROUP STRUCTURE

No.	Company name	Date of establishment	Registered capital as of the Latest Practicable Date	Major business activities	Property development projects ⁽²⁾	Shareholder(s) as of the Latest Practicable Date (approximate shareholding percentage)
10.	Midea Property Management	January 31, 2000	RMB51,200,000	Property management	N/A	<p>Midea Real Estate Group Company (81.90%)</p> <p>Ningbo Meiyuejia Investment Management Partnership (Limited Partnership)⁽⁴⁾ (“Meiyuejia LLP”, 寧波美悅嘉投資管理合夥企業(有限合夥)) (14.06%)</p> <p>38 other investors⁽⁵⁾ (4.04%)</p>
11.	Nanjing Midea Property	April 22, 2017	RMB10,000,000	Property development and sales	N/A	Midea Real Estate Group Company (100%)
12.	Handan Midea Property	September 6, 2011	RMB353,540,000	Property development and sales	Handan Midea City (邯鄲美的城)	<p>Shijiazhuang Midea Property (99.00%)</p> <p>Ningbo Meishan Bonded Port Junshang Investment Management Partnership (Limited Partnership)⁽⁶⁾ (“Junshang LLP”, 寧波梅山保稅港區駿尚投資管理合夥企業(有限合夥)) (1.00%)</p>
13.	Shenyang Midea Real Estate	July 3, 2013	RMB416,540,400	Property development and sales	Shenyang Midea Square (瀋陽美的城)	Shenyang Midea Property (100%)
14.	Gaoming Xinjiang Property	October 28, 2015	RMB100,000,000	Property development and sales	Foshan Midea Minghu (佛山美的明湖)	<p>Foshan Gaoming Midea Property (96.91%)</p> <p>Ningbo Meishan Bonded Port Mingen Investment Management Partnership (Limited Partnership)⁽⁷⁾ (“Mingen LLP”, 寧波梅山保稅港區鳴恩投資管理合夥企業 (有限合夥)) (3.09%)</p>
15.	Jiangxi Yedian	July 30, 2007	RMB50,000,000	Property development and sales	Nanchang Southern Midea City (南昌南部美的城)	<p>Nanchang Midea Property (63.70%)</p> <p>Ningbo Meishan Bonded Port Xingyue Investment Management Partnership (Limited Partnership)⁽⁸⁾ (“Xingyue LLP”, 寧波梅山保稅港區星越投資管理合夥企業 (有限合夥)) (1.30%)</p> <p>Jiangxi Juyuan Mining Company Limited⁽⁹⁾ (“Jiangxi Juyuan”, 江西巨源礦業有限公司) (35.00%)</p>

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Notes:

- (1) Our major PRC subsidiaries comprise (i) holding companies which our Company considers to be significant in regions where it operates; (ii) projects companies with projects which have contributed to more than 10% of the Group's revenue during any year of the Track Record Period; and (iii) our property management arm.
- (2) Property development projects included the representative project(s) held or invested by such entity during the Track Record Period.
- (3) On May 28, 2018, Ningbo Yuechen transferred a 16% equity interest in Midea Real Estate Group Company to Midea Construction (HK) as further described in “— 1. Midea Real Estate Group Company” below. Following such equity transfer, Midea Real Estate Group Company was held by Midea Construction (HK) and Ningbo Yuechen as to 76% and 24%, respectively.
- (4) Meiyuejia LLP is a limited partnership established in the PRC on March 28, 2016 with Foshan Shunde Huizhi Consultancy Services Company Limited (“**Huizhi Consultancy**”, 佛山市順德區匯致諮詢服務有限公司), our indirectly wholly owned subsidiary, as the general partner as of the Latest Practicable Date.
- (5) The other 38 investors included the directors, management, core employees and market makers for the listing of the shares of the company on the NEEQ of Midea Property Management and other independent third party investors as of the Latest Practicable Date.
- (6) Junshang LLP is a limited partnership established in the PRC on July 1, 2016, with Huizhi Consultancy as the general partner as of the Latest Practicable Date.
- (7) Mingen LLP is a limited partnership established in the PRC on July 1, 2016, with Huizhi Consultancy as the general partner as of the Latest Practicable Date.
- (8) Xingyue LLP is a limited partnership established in the PRC on July 1, 2016 with Huizhi Consultancy as the general partner as of the Latest Practicable Date.
- (9) To the best of our knowledge, information and belief, having made all reasonable enquiries, Jiangxi Juyuan was an independent third party as of the Latest Practicable Date.

We describe below a summary of our major subsidiaries, including changes in the equity capital of such major subsidiaries during the Track Record Period.

1. Midea Real Estate Group Company

Midea Real Estate Group Company is one of our major subsidiaries, our centralized management platform and the project company for our property development projects, including Foshan Midea Royal Orchid Mont (佛山美的君蘭江山), Foshan Midea Hancheng (佛山美的翰誠) and Foshan Midea Hancheng Grand View (佛山翰誠嘉園). Midea Real Estate Group Company was established on January 13, 1995 in the PRC as a sino-foreign joint venture enterprise named Shunde Welling Real Estate Co., Ltd (順德威靈房產有限公司) by Shunde Midea Realty Company (“**Shunde Realty**”, 順德市美的房產公司), of which Mr. He was the legal representative, and Welling (Hong Kong) Limited (“**Welling (HK)**”, 威靈(香港)有限公司), an independent third party, as to 34.50% and 65.50%, respectively. In June 2001, Shunde Realty transferred its 31.50% and 3.00% equity interest in Midea Real Estate Group Company to Welling (HK) and Guangzhou Dewei Realty Company Limited (“**Guangzhou Dewei**”, 廣州德威房地產有限公司), an independent third party. Later, in July 2004, Fusid Company Limited (富仕迪有限公司) (being a company wholly owned by Mr. He at that time and that was subsequently indirectly transferred to Midea Group Co., Ltd. (美的集團股份有限公司) in January 2005) acquired a 97% equity interest

HISTORY, REORGANIZATION AND GROUP STRUCTURE

in Midea Real Estate Group Company from Welling (HK), while Foshan Midea Property acquired a 3% equity interest in Midea Real Estate Group Company from Guangzhou Dewei. Midea Real Estate Group Company was renamed Foshan Shunde Welling Realty Company Limited (佛山市順德區威靈房產有限公司), Guangdong Midea Realty Company Limited (廣東美的置業有限公司) and Midea Real Estate Group Company Limited (美的置業集團有限公司) on March 8, 2004, March 24, 2010 and January 9, 2018, respectively.

Following a number of direct and indirect equity transfers and increases in registered capital, as of January 1, 2015, Midea Real Estate Group Company was wholly owned by Midea Construction (HK) and had a registered capital of US\$160 million, which was fully paid up by cash. On November 25, 2016, the registered capital of Midea Real Estate Group Company was increased to US\$255 million upon completion of a capital injection of US\$95 million by Midea Construction (HK). On September 14, 2017, Ningbo Yuechen (an indirectly wholly owned subsidiary of our Company) acquired a 40% equity interest in Midea Real Estate Group Company at a consideration of RMB8,400 million (approximately RMB1,158,169,090 as registered capital and approximately RMB7,241,830,910 as capital reserve) (the “**2017 Transfer**”), which was based on our valuation of Midea Real Estate Group Company. On September 18, 2017, the currency of the registered capital of Midea Real Estate Group Company was changed to Renminbi and, on September 19, 2017, the registered capital of Midea Real Estate Group Company was increased from US\$255 million (approximately RMB1,737,253,635 based on the exchange rate at the time) to RMB2,895,422,725. On May 28, 2018, Ningbo Yuechen transferred a 16% equity interest in Midea Real Estate Group Company to Midea Construction (HK) with effect on the same date for a consideration of RMB3,360 million, which was based on the consideration paid by Ningbo Yuechen for the 2017 Transfer. Following such equity transfer, Midea Real Estate Group Company was held by Midea Construction (HK) and Ningbo Yuechen as to 76% and 24%, respectively.

2. *Foshan Gaoming Midea Property*

Foshan Gaoming Midea Property is a project company for our property development and sales operation, including Foshan Midea West Coast (佛山美的西海岸). It is also a holding company for our subsidiaries and/or joint ventures in the Yuexi Region. It was established as a limited liability company on January 14, 2011 with an initial registered capital of RMB100 million, which was fully paid up in cash. It was wholly owned by Midea Real Estate Group Company.

Following an increase in registered capital, as of January 1, 2015 and the Latest Practicable Date, Foshan Gaoming Midea Property was wholly owned by Midea Real Estate Group Company with a registered capital of RMB400 million, which was fully paid up in cash.

3. *Foshan Midea Property*

Foshan Midea Property is a project company for our property development and sales projects, including Foshan Coastal Garden (佛山海岸花園), and engages in investment in properties. It is also a holding company for our subsidiaries and/or joint ventures in the Yuezhong Region. According to the record of the SAIC, Foshan Midea Property was established in the PRC on August 10, 1998 under the name Shunde Midea Realty Company Limited (順德市美的房產有限公司) with an initial registered capital of RMB10 million, which was fully paid up in cash. It was held by Shunde Beijiao Investment Development Company Limited (順德市北濠投資發展有限公

HISTORY, REORGANIZATION AND GROUP STRUCTURE

司) (“**Shunde Beijiao**”) and Shunde Midea Air Conditioner Manufacture Company Limited (順德美的冷氣機製造有限公司) (“**Shunde Midea Air Condition**”), for both of which Mr. He was a legal representative, as to 80% and 20%, respectively.

In November 2008, Shunde Beijiao and Shunde Midea Air Condition transferred their respective equity interest in Foshan Midea Property to Midea Real Estate Group Company for a consideration of RMB120 million and RMB30 million, respectively, which was based on the registered capital of Foshan Midea Property at the time. As a result of such equity transfers, Foshan Midea Property became wholly owned by Midea Real Estate Group Company.

Following a number of equity transfers and increases in registered capital, as of January 1, 2015 and the Latest Practicable Date, Foshan Midea Property was wholly owned by Midea Real Estate Group Company with a registered capital of RMB200 million, which was fully paid up in cash.

4. *Xinan Midea Property*

Xinan Midea Property is a project company for our property development and sales projects, including Guiyang Midea Lincheng Times Mansion (貴陽美的林城時代). It is also a holding company for our subsidiaries and/or joint ventures in the Xinan Region. Xinan Midea Property was established as a limited liability company in the PRC on March 26, 2010 with an initial registered capital of RMB20 million, which was fully paid up in cash. It was wholly owned by Foshan Midea Property.

Following a number of equity transfers and increases in registered capital, as of January 1, 2015 and the Latest Practicable Date, Xinan Midea Property was wholly owned by Midea Real Estate Group Company with a registered capital of RMB500 million, which was fully paid up in cash.

5. *Changsha Midea Property*

Changsha Midea Property is a holding company for our subsidiaries and/or joint ventures in the Hunan Region. It was established as a limited liability company in the PRC on April 27, 2017 with an initial registered capital of RMB10 million, which was fully paid up in cash. As of the date of establishment and the Latest Practicable Date, it was wholly owned by Midea Real Estate Group Company.

6. *Shijiazhuang Midea Property*

Shijiazhuang Midea Property is a holding company for our subsidiaries and/or joint ventures in the Hebei Region. It was established by Midea Real Estate Group Company as a limited liability company in the PRC on April 20, 2017 with an initial registered capital of RMB10 million, which was fully paid up in cash. On June 12, 2018, the registered capital of Shijiazhuang Midea Property was increased to RMB50 million by Midea Real Estate Group Company, RMB10 million of which was fully paid up by cash. As of the Latest Practicable Date, it was wholly owned by Midea Real Estate Group Company.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

7. *Ningbo Midea Property*

Ningbo Midea Property is a project company for our property development and sales projects, including Ningbo Midea Butterfly Sea (寧波美的蝴蝶海). It is also a holding company for our subsidiaries and/or joint ventures in the Zhejiang Region. Ningbo Midea Property was established as a limited liability company in the PRC on December 14, 2011 with an initial registered capital of RMB300 million, which was fully paid up in cash. As of the date of establishment and the Latest Practicable Date, it was wholly owned by Midea Real Estate Group Company.

8. *Shenyang Midea Property*

Shenyang Midea Property is a holding company for our subsidiaries and/or joint ventures in the Liaoning Region. It was established as a limited liability company in the PRC on April 25, 2017 with an initial registered capital of RMB10 million, which was fully paid up in cash. As of the date of establishment and the Latest Practicable Date, it was wholly owned by Midea Real Estate Group Company.

9. *Nanchang Midea Property*

Nanchang Midea Property is a holding company for our subsidiaries and/or joint ventures in the Jiangxi Region. It was established as a limited liability company in the PRC on April 28, 2017 with an initial registered capital of RMB10 million, which was fully paid up in cash. As of the date of establishment and the Latest Practicable Date, it was wholly owned by Midea Real Estate Group Company.

10. *Midea Property Management*

Midea Property Management engages in our property management business. It was established as a limited liability company in the PRC on January 31, 2000 under the name of Shunde Midea Property Operation Management Company Limited (順德市美的物業經營管理有限公司) with an initial registered capital of RMB3 million, which was fully paid up in cash. It was held by Shunde Midea Holding Company (順德市美的控股有限公司) (“**Shunde Midea Holding**”), of which Mr. He was a legal representative, and Foshan Midea Property as to 80% and 20%, respectively.

In November 2008, Shunde Midea Holding transferred its 80% equity interest in Midea Property Management to Midea Real Estate Group Company at a consideration of RMB2.4 million, which was based on the registered capital of Midea Property Management. Following the equity transfer, Midea Property Management became owned by Midea Real Estate Group Company and Foshan Midea Property as to 80% and 20%, respectively.

Following a number of equity transfers and increases in registered capital, as of January 1, 2015, Midea Property Management was wholly owned by Midea Real Estate Group Company with a registered capital of RMB5 million, which was fully paid up in cash. The registered capital of Midea Property Management was increased to RMB10 million upon completion of a capital injection of RMB30 million (RMB5 million as paid-in capital and RMB25 million as capital reserve) by Midea Real Estate Group Company on December 16, 2015. The registered capital of

HISTORY, REORGANIZATION AND GROUP STRUCTURE

Midea Property Management was increased to RMB11.8 million on April 22, 2016 upon completion of a capital injection of RMB3.6 million (RMB1.8 million as paid-in capital and RMB1.8 million as capital reserve) by Meiyuejia LLP.

On June 28, 2016, the registered capital of Midea Property Management was further increased to RMB23.6 million after Midea Real Estate Group Company and Meiyuejia LLP approved the alteration of Midea Property Management from a limited liability company to a joint stock limited company by converting its net book value of assets of RMB26,960,675.84 as of April 30, 2016 at a rate of 1:0.8753 into 23,600,000 shares of RMB1.00 each. On December 2, 2016, the shares of Midea Property Management were listed on the NEEQ (stock code: 839955) in the PRC. On July 10, 2017, the registered capital of Midea Property Management was further increased by RMB2 million to RMB25.6 million after completion of a capital injection of RMB10 million (RMB2 million as paid-in capital and RMB8 million as capital reserve) for an aggregate of 2 million shares by 23 other investors (including the directors, management, core employees and market makers for the listing of the shares of the company on the NEEQ of Midea Property Management) and Midea Real Estate Group Company on February 23, 2017. On May 23, 2018, Midea Property Management declared an aggregate of 25,600,000 bonus shares and capitalization issue shares in a 10 to six ratio and 10 to four ratio, respectively, to its shareholders. Following such bonus issue, the issued share capital of Midea Property Management was increased to 51,200,000 shares of RMB1.00 each. Accordingly, the registered capital of Midea Property Management was increased to RMB51.2 million on July 13, 2018.

11. Nanjing Midea Property

Nanjing Midea Property is a holding company for our subsidiaries and/or joint ventures in the Suwan Region. It was established as a limited liability company in the PRC on April 22, 2017 with an initial registered capital of RMB10 million, which was fully paid up in cash. As of the date of establishment and the Latest Practicable Date, it was wholly owned by Midea Real Estate Group Company.

12. Handan Midea Property

Handan Midea Property is the project company for our property development and sales projects, including Handan Midea City (邯鄲美的城). Handan Midea Property was established as a limited liability company in the PRC on September 6, 2011 by Midea Real Estate Group Company with an initial registered capital of RMB350 million, which was fully paid up in cash.

On December 14, 2016, the registered capital of Handan Midea Property was increased to RMB353,540,000 upon completion of a capital injection of RMB3,540,000 by Junshang LLP. On August 14, 2017, Midea Real Estate Group Company transferred the entire equity interest in Handan Midea Property to Shijiazhuang Midea Property at a consideration of RMB350 million, which was based on the then registered capital of Handan Midea Property. Upon completion of such equity transfer on September 6, 2017 and as of the Latest Practicable Date, Handan Midea Property was held by Shijiazhuang Midea Property and Junshang LLP as to approximately 99.00% and 1.00%, respectively.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

13. Shenyang Midea Real Estate

Shenyang Midea Real Estate is a project company for our property development and sales projects, including Shenyang Midea Square (瀋陽美的城). Shenyang Midea Real Estate was established as a limited liability company in the PRC on July 3, 2013 by Midea Real Estate Group Company with an initial registered capital of RMB100 million, which was fully paid up in cash.

Following a number of equity transfers and increases in registered capital, as of January 1, 2015, Shenyang Midea Real Estate was owned by Midea Construction (HK) and Kona Investments Holding (Hong Kong) Limited (“**Kona (HK)**”, 科納投資控股(香港)有限公司), our wholly-owned indirect subsidiary, as to 51.91% and 48.09%, respectively, and had a registered capital of US\$62,388,100 (approximately RMB416,540,400 based on the exchange rate at the time), which was fully paid up in cash. In October 2016, Midea Construction (HK) and Kona (HK) transferred their respective equity interest in Shenyang Midea Real Estate to Midea Real Estate Group Company at a consideration of US\$32,388,100 and US\$30,000,000, respectively, which was each based on the then registered capital of Shenyang Midea Real Estate. Upon completion of such equity transfers on October 17, 2016, Shenyang Midea Real Estate became a PRC domestic subsidiary wholly owned by Midea Real Estate Group Company. As such, on the same day, the currency of the registered capital of Shenyang Midea Real Estate was changed to Renminbi and the registered capital was changed to RMB416,540,400. In May 2017, Midea Real Estate Group Company transferred the entire equity interest in Shenyang Midea Real Estate to Shenyang Midea Property at a consideration of RMB416,540,400, which was based on the then registered capital of Shenyang Midea Real Estate. The equity transfer was completed on May 27, 2017. As of the Latest Practicable Date, Shenyang Midea Real Estate was wholly owned by Shenyang Midea Property.

14. Gaoming Xinjiang Property

Gaoming Xinjiang Property is a project company for our property development and sales projects, including Foshan Midea Minghu (佛山美的明湖). Gaoming Xinjiang Property was established as a limited liability company in the PRC on October 28, 2015 by Midea Real Estate Group Company with an initial registered capital of RMB100 million, which was fully paid up in cash.

In December 2016, Midea Real Estate Group Company transferred 3.086% equity interest in Gaoming Xinjiang Property to Mingen LLP at a consideration of RMB3,086,000, which was based on the then registered capital of Gaoming Xinjiang Property. The equity transfer was completed on December 14, 2016. In July 2017, Midea Real Estate Group Company transferred 96.914% equity interest in Gaoming Xinjiang Property to Foshan Gaoming Midea Property at the consideration of RMB96,914,000, which was based on the then registered capital of Gaoming Xinjiang Property. The equity transfer was completed on July 26, 2017. As of the Latest Practicable Date, Gaoming Xinjiang Property was owned by Foshan Gaoming Midea Property and Mingen LLP as to approximately 96.91% and 3.09%, respectively.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

15. Jiangxi Yedian

Jiangxi Yedian is a project company for our property development and sales projects, including Nanchang Southern Midea City (南昌南部美的城). Jiangxi Yedian was established by three independent third parties as a limited liability company in the PRC on July 30, 2007 with an initial registered capital of RMB50 million, which was fully paid up in cash.

In June 2016, Midea Real Estate Group Company acquired a 65% equity interest in Jiangxi Yedian from Jiangxi Juyuan, an independent third party and the then sole Shareholder of Jiangxi Yedian, at a consideration of RMB32,500,000, which was based on the then registered capital of Jiangxi Yedian. The equity transfer was completed on June 7, 2016. In October 2016, Midea Real Estate Group Company transferred a 1.3% equity interest in Jiangxi Yedian to Xingyue LLP at a consideration of RMB650,000, which was based on the then registered capital of Jiangxi Yedian. Such equity transfer was completed on October 27, 2016. In October 2017, Midea Real Estate Group Company further transferred a 63.7% equity interest in Jiangxi Yedian to Nanchang Midea Property at a consideration of RMB31,850,000, which was based on the then registered capital of Jiangxi Yedian. Such equity transfer was completed on October 9, 2017. As of the Latest Practicable Date, Jiangxi Yedian was owned by Nanchang Midea Property, Xingyue LLP and Jiangxi Juyuan as to 63.70%, 1.30% and 35.00%, respectively.

As confirmed by our PRC Legal Advisor, the procedures and steps involved in the equity transfers and capital injections (as the case may be) of our PRC subsidiaries as described above are in compliance with relevant PRC laws and regulations and each of the acquisitions, disposals, mergers, transfers and capital injections has been properly and legally completed.

Our Joint Ventures

We set up joint ventures and enter into agreements with other property developers to conduct property development from time to time. Set forth below are certain details of our major joint venture as of March 31, 2018.

No.	Company name	Our partner(s) ⁽¹⁾	Date of establishment	Registered capital as of the Latest Practicable Date	Property development project	Board representation (our seats: our partner's seats)	Day-to-day management	Shareholder(s) as of the Latest Practicable Date held by our Group (Shareholding percentage)
1.	Wuxi Languang Real Estate Company Limited (無錫藍光置地有限公司)	Wuxi Languang Hejun Real Estate Company Limited (無錫藍光和駿置業有限公司)	September 14, 2016	RMB900,000,000	Wuxi Blue Light Yongjinli (無錫藍光雍錦里) ⁽²⁾	1:2	We appointed a supervisor, deputy costs manager and the deputy financial manager	Midea Real Estate Group Company (49%)

Notes:

- (1) To the best of our knowledge, information and belief, having made all reasonable enquiries, each partner was an independent third party as of the Latest Practicable Date.
- (2) Such project was a representative project of the company which was under construction as of the Latest Practicable Date.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

MAJOR ACQUISITIONS AND DISPOSALS

As part of our business strategy and long-term development goals, we regularly engage in acquisition activities to expand our business and disposal activities to streamline our business operations. During the Track Record Period, save as our acquisition of Jiangxi Yedian, we did not conduct major acquisitions or mergers which we consider to be material to the operations and performance of our Group. For details of our acquisition of Jiangxi Yedian, see “— Our Corporate Development — Our Major Subsidiaries — 15. Jiangxi Yedian” above. For details of the accounting implications regarding our acquisitions during the Track Record Period, see note 40 of the Accountant’s Report set out in Appendix I to this prospectus.

To focus our resources on our core businesses, we have made the following disposals during the Track Record Period. For details of the accounting implications regarding our disposals during the Track Record Period, see note 39 of the Accountant’s Report set out in Appendix I to this prospectus.

No.	Company being disposed of	Transferor	Transferee	Date of transfer	Interest being disposed of	Major business activities	Consideration	Date of completion	Date of settlement
1.	Foshan Shunde Meiyue Management Services Co., Ltd. (“ Shunde Meiyue ”, 佛山市順德區美悅管理服務有限公司)	Midea Real Estate Group Company	Foshan Shunde Junlan Holding Development Co., Ltd. (“ Foshan Junlan ”, 佛山市順德區君蘭控股發展有限公司) ⁽¹⁾⁽²⁾	April 22, 2015	100%	Hotel management services	RMB158,773,200 ⁽³⁾	April 29, 2015	November 18, 2015
2.	Foshan Shunde Junmei Hotel Management Services Co., Ltd. (“ Shunde Junmei ”, 佛山市順德區君美酒店管理服務有限公司)	Midea Real Estate Group Company	Foshan Junlan ⁽¹⁾⁽²⁾	December 29, 2016	100%	Hotel management services	RMB206,600,000 ⁽⁴⁾	January 5, 2017	September 6, 2017
3.	Panjin Midea Property Co., Ltd. (“ Panjin Midea ”, 盤錦美的置業有限公司)	Shenyang Midea Property	Foshan Midea ⁽²⁾⁽⁶⁾	December 24, 2017	100%	Real estate development and sales in Panjin, Liaoning province	RMB574,175,490 ⁽³⁾	December 26, 2017	December 28, 2017
4.	Zhuzhou Junmei Hotel Services Co., Ltd. (“ Zhuzhou Junmei ”, 株洲君美酒店服務有限公司)	Midea Real Estate Group Company	Foshan Junlan ⁽¹⁾⁽²⁾	December 27, 2017	100%	Hotel management services	RMB15,600,000 ⁽⁵⁾	December 27, 2017	December 27, 2017

HISTORY, REORGANIZATION AND GROUP STRUCTURE

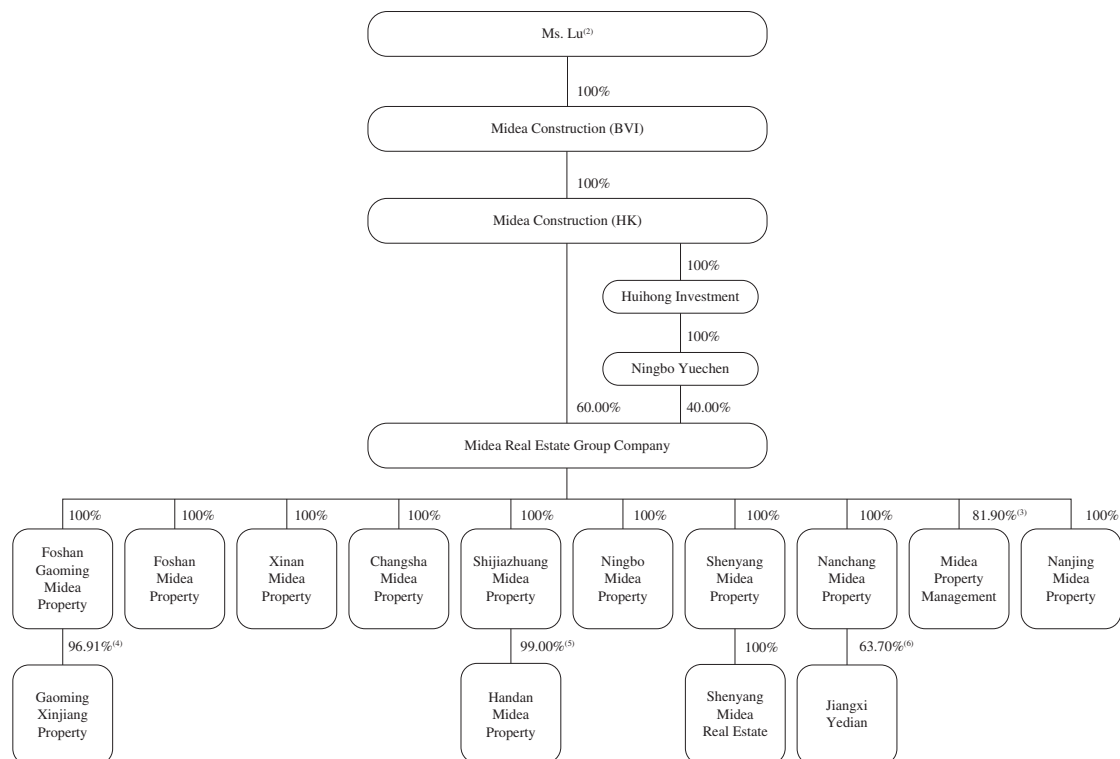
Notes:

- (1) As of the Latest Practicable Date, Foshan Junlan was indirectly wholly owned by Midea Holding Company, which in turn was owned by Mr. He and Ms. Lu as to approximately 94.55% and 5.45%, respectively, and thus our connected person upon the Listing.
- (2) For details of the exclusion of the business of hotel investment and operations in Foshan, Guangdong province and Zhuzhou, Hunan province and property development and sales in Panjin, Liaoning Province, see “Relationship with our Controlling Shareholders — Delineation of Business — Other Businesses of our Ultimate Controlling Shareholders — (b) Hotel investment and operations in Foshan, Guangdong Province and Zhuzhou, Hunan Province” and “Relationship with our Controlling Shareholders — Delineation of Business — Other Business of our Ultimate Controlling Shareholders — (a) Property development and sales in Panjin, Liaoning Province”.
- (3) The consideration for the transfer was determined based on arm’s length negotiations between the parties with reference to the amount which had been invested by the transferor.
- (4) The consideration for the transfer was determined based on arm’s length negotiations between the parties with reference to, among other things, the amount which had been invested by the transferor and that the company was suffering a net loss at the time of transfer.
- (5) The consideration for the transfer was determined based on arm’s length negotiations between the parties with reference to the net assets value of Zhuzhou Junmei.
- (6) As of the Latest Practicable Date, Foshan Shunde Midea Development Company Limited (佛山市順德區美的發展有限公司) was directly wholly owned by Midea Holding Company, which in turn was owned by Mr. He and Ms. Lu as to approximately 94.55% and 5.45%, respectively, and thus our connected persons upon the Listing.
- (7) As confirmed by our PRC Legal Advisor, the procedures and steps involved in the aforesaid disposals are in compliance with relevant PRC laws and regulations and each of the transfers has been properly and legally completed.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

THE REORGANIZATION

As part of our restructuring in contemplation of the Listing, we implemented the Reorganization, which comprises steps undertaken in respect of our Company and subsidiaries outside the PRC. The following chart sets forth the shareholding structure⁽¹⁾ of our Group immediately before the Reorganization:



Notes:

- (1) The above chart includes shareholding information related to our major subsidiaries. For details of our major subsidiaries, see “— Our Corporate Development — Our Major Subsidiaries” above. For details of our principal subsidiaries, see note 38 of the Accountant’s Report set out in Appendix I to this prospectus.
- (2) Pursuant to the Deed of Acting-in-concert, Ms. Lu and Mr. He have agreed to consult each other and reach a unanimous consensus among themselves on the subject matters of any shareholders’ resolutions to be passed pursuant to applicable constitutional documents, listing rules or other corporate governance documents during the period when Ms. Lu remains in control of our Group, directly or indirectly. Ms. Lu and Mr. He have also confirmed that Mr. He does not hold any economic interest in our Group (including the right to dividend) and that the acting-in-concert arrangement has been in place since the incorporation of our Company or the date when Ms. Lu became interested in any member of our Group, whichever is earlier.
- (3) Immediately before November 24, 2017, being the date of commencement of the Reorganization, Midea Property Management was held as to approximately 14.06% and 4.04% by Meiyuejia LLP and 35 other investors, respectively.
- (4) Immediately before November 24, 2017, being the date of commencement of the Reorganization, Gaoming Xinjiang Property was held as to approximately 3.09% by Mingen LLP.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

- (5) Immediately before November 24, 2017, being the date of commencement of the Reorganization, Handan Midea Property was held as to approximately 1.00% by Junshang LLP.
- (6) Immediately before November 24, 2017, Jiangxi Yedian was held as to 1.30% and 35.00% by Xingyue LLP and Jiangxi Juyuan, respectively.

1.1 Establishment of the investment holding company

Midea Development (BVI) was incorporated in the BVI on November 24, 2017. Upon its incorporation, the authorized capital of Midea Development (BVI) was HK\$10,000 divided into 10,000 shares with a par value of HK\$1.00 each. On the same date, Midea Development (BVI) allotted and issued 10,000 shares with a par value of HK\$1.00 each to Ms. Lu. As of the Latest Practicable Date, Midea Development (BVI) was wholly owned by Ms. Lu.

1.2 Incorporation of our Company and capital injection

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on November 29, 2017 as the ultimate holding company of our Group. Upon its incorporation, the authorized capital of our Company was HK\$1 billion divided into 1,000,000,000 Shares with a par value of HK\$1.00 each.

Upon its incorporation on November 29, 2017, our Company allotted and issued at par value one Share to Osiris International Cayman Limited, an independent third party, and 9,999 Shares to Midea Development (BVI). The one Share held by Osiris International Cayman Limited was subsequently transferred to Midea Development (BVI) on the same day. Upon completion of such transfer, Midea Development (BVI) held 10,000 Shares and our Company was wholly owned by Midea Development (BVI).

On December 18, 2017, our Company allotted and issued 290,000 Shares to Midea Development (BVI), 234,000 Shares of which was the consideration for our acquisition of Midea Construction (BVI), as described in “— 1.3 Acquisition of entire equity interest in Midea Construction (BVI)” below, and the other 56,000 Shares of which were issued at par value.

To prepare for the potential adoption of management share incentive scheme(s) in the future, on December 28, 2017, our Company allotted and issued 76,000, 12,000 and 12,000 Shares to Midea Development (BVI), Midea Ever and Midea Field, respectively.

On the same date, our Company further allotted and issued 939,624,000, 29,988,000 and 29,988,000 Shares to Midea Development (BVI), Midea Ever and Midea Field, respectively.

The aggregated consideration for the above-mentioned allotment and issuance of the Shares on December 28, 2017, which was fully paid up by Midea Development (BVI) on December 29, 2017, Midea Ever on December 28, 2017 and Midea Field on December 28, 2017, was RMB4.56 billion, RMB720 million and RMB720 million, respectively. The basis of each of such considerations was determined with reference to our valuation of our property business and land reserves in December 2017. Upon completion of the additional capital injection into our Company, Midea Development (BVI), Midea Ever and Midea Field held 940,000,000, 30,000,000 and 30,000,000 Shares.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

On September 12, 2018, in preparation for the Listing, the authorized share capital of our Company was increased to HK\$2,000,000,000 divided into 2,000,000,000 Shares of HK\$1.00 each.

As of the Latest Practicable Date, no share incentive scheme of our Company had been adopted. Accordingly, no Share had been issued by our Company for such purpose. Our Company may adopt a share incentive scheme in the future after the Listing.

1.3 Acquisition of entire equity interest in Midea Construction (BVI)

Midea Construction (BVI) was incorporated in the BVI on October 21, 2009. As of the date of its incorporation, the number of shares authorized to be issued by Midea Construction (BVI) was 50,000 shares. Immediately before the offshore reorganization, Midea Construction (BVI) was wholly owned by Ms. Lu.

To implement our Reorganization, on December 18, 2017, Ms. Lu transferred 30,000 shares in Midea Construction (BVI), representing all of its then issued shares, to our Company at a consideration of 234,000 Shares in our Company, which was determined with reference to the issued share capital of Midea Construction (BVI). On the same date, our Company allotted and issued 290,000 Shares to Midea Development (BVI), 234,000 Shares of which represented the consideration of the aforementioned equity transfer, and the other 56,000 Shares of which were issued at par value. As a result of the equity transfer, Midea Construction (BVI) became a direct wholly-owned subsidiary of our Company.

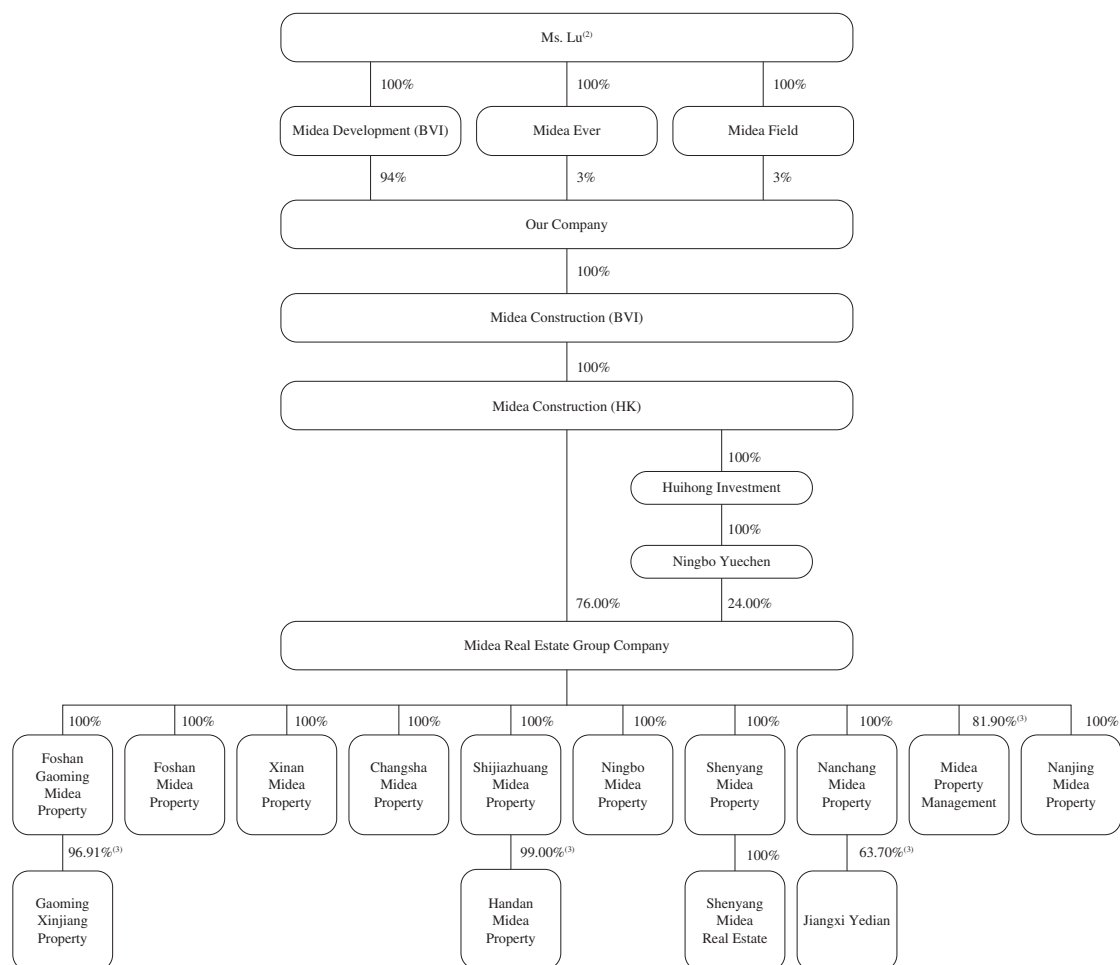
ACQUISITIONS AFTER THE TRACK RECORD PERIOD

Our Group acquires equity interests in companies that possess the land use rights for the targeted land or property interests held by other companies. Certain acquisitions took place after the Track Record Period. For details, see “Waivers from Strict Compliance with the Listing Rules” of this prospectus.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANIZATION AND IMMEDIATELY BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth the shareholding structure⁽¹⁾ of our Group immediately after completion of the Reorganization and immediately before completion of the Global Offering.



Notes:

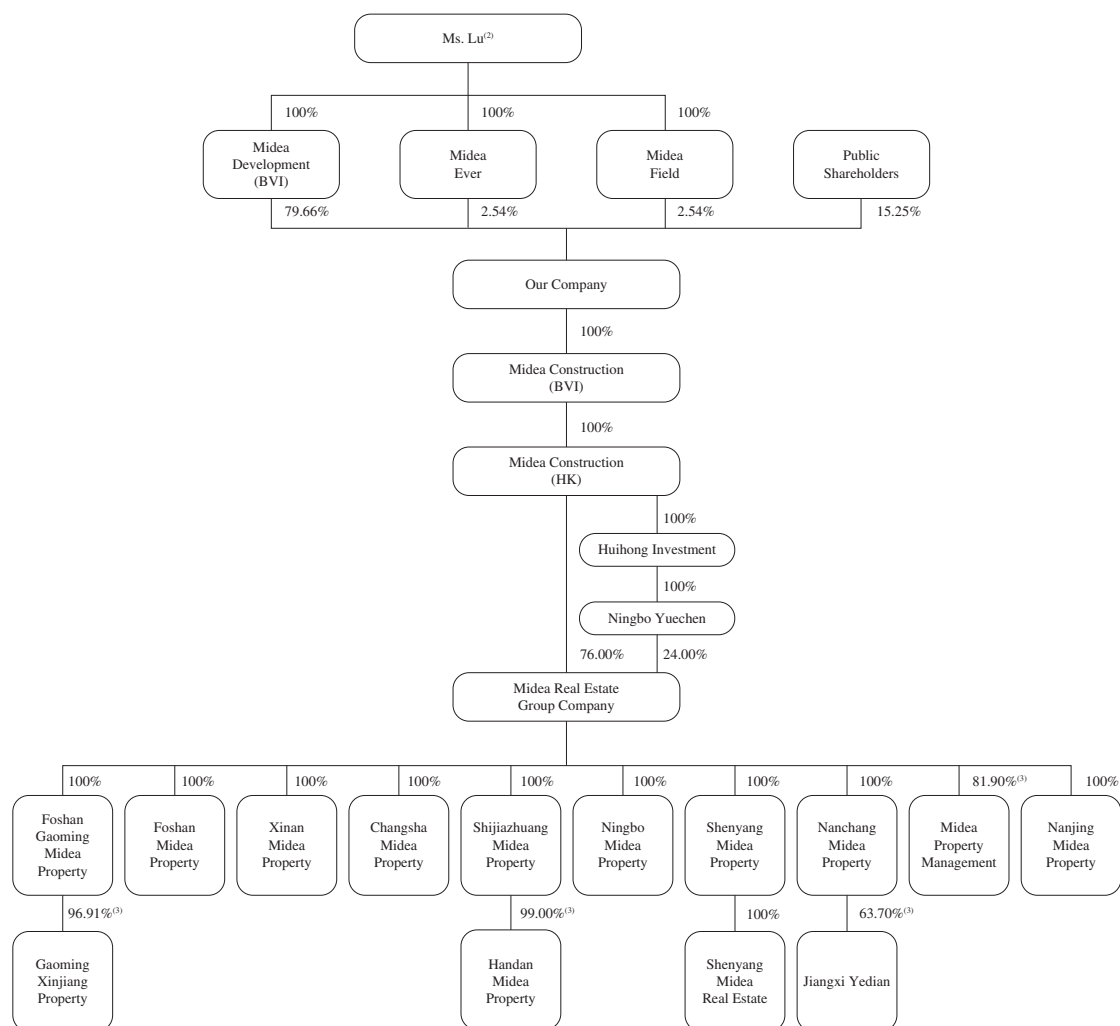
- (1) The above chart includes shareholding information related to our major subsidiaries as referred to “— Our Corporate Development — Our Major Subsidiaries” above. For details of our principal subsidiaries, see note 38 of the Accountant’s Report set out in Appendix I to this prospectus.
- (2) Pursuant to the Deed of Acting-in-concert, Ms. Lu and Mr. He have agreed to consult each other and reach a unanimous consensus among themselves on the subject matters of any shareholders’ resolutions to be passed pursuant to applicable constitutional documents, listing rules or other corporate governance documents during the period when Ms. Lu remains in control of our Group, directly or indirectly. Ms. Lu and Mr. He have also confirmed that Mr. He does not hold any economic interest (including the right to dividend) in our Group and that the acting-in-concert arrangement has been in place since the incorporation of our Company or the date when Ms. Lu became interested in any member of our Group, whichever is earlier. Each of Mr. He, Ms. Lu and Midea Development (BVI) will remain our Controlling Shareholders upon the Listing. For avoidance of doubt, Midea Ever and Midea Field are not parties to the acting-in-concert arrangement as they are specifically established for adoption of management share incentive plan in the future.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

- (3) As of the Latest Practicable Date, 116 of our subsidiaries had shareholding held by parties outside of our Group. See “Statutory and General Information — A. Further Information about Our Company and Our Subsidiaries — 5. Particulars of our Subsidiaries” in Appendix V to this prospectus for details.

CORPORATE STRUCTURE IMMEDIATELY UPON COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth the shareholding structure⁽¹⁾ of our Group immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised).



Notes:

- (1) The above chart includes shareholding information related to our major subsidiaries as referred to “— Our Corporate Development — Our Major Subsidiaries” above. For details of our principal subsidiaries, see note 38 of the Accountant’s Report set out in Appendix I to this prospectus.
- (2) Pursuant to the Deed of Acting-in-concert, Ms. Lu and Mr. He have agreed to consult each other and reach a unanimous consensus among themselves on the subject matters of any shareholders’ resolutions to be passed pursuant to applicable constitutional documents, listing rules or other corporate governance documents during the period when Ms. Lu remains in control of our Group, directly or indirectly. Ms. Lu and Mr. He have also confirmed that Mr. He does not hold any economic interest (including the right to dividend) in our Group and that the acting-

HISTORY, REORGANIZATION AND GROUP STRUCTURE

in-concert arrangement has been in place since the incorporation of our Company or the date when Ms. Lu became interested in any member of our Group, whichever is earlier. Each of Mr. He, Ms. Lu and Midea Development (BVI) will remain our Controlling Shareholders upon the Listing. For avoidance of doubt, Midea Ever and Midea Field are not parties to the acting-in-concert arrangement as they are specifically established for adoption of management share incentive plan in the future.

- (3) As of the Latest Practicable Date, 116 of our subsidiaries had shareholding held by parties outside of our Group. See “Statutory and General Information — A. Further Information about Our Company and Our Subsidiaries — 5. Particulars of our Subsidiaries” in Appendix V to this prospectus for details.

PRC REGULATORY REQUIREMENTS

Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

According to the “Provisions Regarding Mergers and Acquisitions of Domestic Enterprises by Foreign Investors” (《關於外國投資者併購境內企業的規定》) (the “**Circular No. 10**”) jointly issued by the MOFCOM, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2006 and amended on June 22, 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls such that it becomes a foreign invested enterprise, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company, any overseas listing of that special purpose company shall be subject to approval by the CSRC. According to Circular No. 10, an offshore special purpose company refers to an overseas company directly or indirectly controlled by a domestic company or natural person for the purpose of the overseas listing of the interests held by such domestic company or natural person in a domestic company.

As of the Latest Practicable Date, Ms. Lu, the sole ultimate shareholder of our Company through her interest in the entire share capital of each of Midea Development (BVI), Midea Ever and Midea Field, was not a PRC resident. Mr. He is a domestic natural person under Circular No. 10. As advised by our PRC Legal Advisor, although Mr. He is a domestic natural person under Circular No. 10 and entered into the Deed of Acting-in-concert with Ms. Lu, Mr. He does not have any direct or indirect equity interest or distribution right in any domestic company of the Group since 2013.

Besides, as advised by our PRC Legal Advisor, Midea Real Estate Group Company has been a foreign invested company since its establishment, therefore the reorganization regarding Midea Real Estate Group Company shall not fall within the scope of foreign investors’ merger of domestic companies. Accordingly, Circular No. 10 shall not be applied to the reorganization of Midea Real Estate Group Company. As such, our Company is not an offshore special purpose company specified in the Circular No. 10. Accordingly, as advised by our PRC Legal Advisor, our Company is not subject to the Circular No. 10 and it is not necessary for us to obtain approval from the CSRC or the MOFCOM for the Listing and trading of our Shares on the Stock Exchange.

HISTORY, REORGANIZATION AND GROUP STRUCTURE

SAFE Registration in the PRC

Pursuant to the Circular on the Administration of Foreign Exchange Involved in the Investment and Financing and Round-trip Investment Conducted by PRC Residents via Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the “**SAFE Circular No. 37**”) issued by SAFE on July 4, 2014, where the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. SAFE Circular No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

As of the Latest Practicable Date, Ms. Lu was not a PRC resident and each of our Company and its direct holding companies (being Midea Development (BVI), Midea Ever and Midea Field) was not an offshore special purpose vehicle held by PRC individual residents with legitimate onshore and offshore assets or equities. Accordingly, as advised by our PRC Legal Advisor, neither our Company nor Ms. Lu is subject to registration in accordance with SAFE Circular No. 37.