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MIDEA REAL ESTATE HOLDING LIMITED

美的置業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3990)

DISCLOSEABLE TRANSACTION ACQUISITION OF 50% EQUITY INTERESTS IN THE PROJECT COMPANY

THE TRANSACTION

The Board announces that on 9 January 2024, Ningbo Meishan (an indirectly wholly-owned subsidiary of the Company), Hangzhou Lixuan, Meishan Midea and the Project Company entered into the Equity Transfer Agreement, pursuant to which, Hangzhou Lixuan agreed to dispose of, and Ningbo Meishan agreed to acquire, the Sale Interests at a consideration of RMB400 million. The consideration shall be settled by Ningbo Meishan through assuming a debt of RMB400 million owed by Hangzhou Lixuan to the Project Company. Upon Completion, the Company will indirectly hold 100% equity interests in the Project Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Project Company is an indirectly non-wholly owned subsidiary of the Company and Hangzhou Lixuan holds 50% equity interests in the Project Company. Accordingly, Hangzhou Lixuan is a substantial shareholder of the Project Company. However, since the Project Company is an insignificant subsidiary of the Company, Hangzhou Lixuan is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, the entry of the Equity Transfer Agreement and the Transaction does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

BACKGROUND

The Board announces that on 9 January 2024, Ningbo Meishan (an indirectly wholly-owned subsidiary of the Company), Hangzhou Lixuan, Meishan Midea and the Project Company entered into the Equity Transfer Agreement, pursuant to which, Hangzhou Lixuan agreed to dispose of, and Ningbo Meishan agreed to acquire, the Sale Interests at a consideration of RMB400 million. Upon Completion, the Company will indirectly hold 100% equity interests in the Project Company.

THE EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date: 9 January 2024

Parties: Ningbo Meishan (as purchaser);
Hangzhou Lixuan (as vendor);
Meishan Midea; and
the Project Company

Each of Ningbo Meishan, Meishan Midea and the Project Company is a subsidiary of the Company.

As at the date of this announcement, Hangzhou Lixuan is a substantial shareholder of the Project Company. However, as the Project Company is an insignificant subsidiary of the Company, pursuant to Rule 14A.09 of the Listing Rules, Hangzhou Lixuan is not regarded as a connected person of the Company by virtue of its shareholding in such insignificant subsidiary. On such basis, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hangzhou Lixuan and its ultimate beneficial owner(s), are Independent Third Parties.

Subject matter: Hangzhou Lixuan agreed to dispose of, and Ningbo Meishan agreed to acquire, the Sale Interests.

Consideration and payment arrangement:

The consideration for the Sale Interests is RMB400 million, which shall be settled by Ningbo Meishan through assuming a debt of RMB400 million owed by Hangzhou Lixuan to the Project Company upon the Completion.

The consideration for the Sale Interests is determined after arm's length negotiation between the Parties by taking into account (i) the Sale Interests' portion of the Project Company's paid-up share capital of RMB550,000,000; (ii) the Project Company's unaudited net asset value as at 31 December 2023 of approximately RMB1,133,055,000; (iii) the discount of the consideration to the Sale Interests' portion of the Project Company's unaudited net asset value as at 31 December 2023 (i.e. approximately RMB566,527,500) of approximately 29%; and (iv) the Group's further ability to strengthen management efficiency over the Project Company to mobilise its internal funds and accelerate the sale of its remaining properties.

Completion:

Within one business day after the Equity Transfer Agreement taking effect, the Parties shall submit to the local administration for industry and commerce the necessary documents for registration of the transfer of the Sale Interests by Hangzhou Lixuan to Ningbo Meishan and the relevant changes in the board of directors, supervisors and senior management of the Project Company as a result of the Transaction (the "**Filing**").

The Completion will take place upon completion of the Filing and amendments of the articles of association of the Project Company and the issuance of a new business license of the Project Company. Upon Completion, Hangzhou Lixuan will no longer hold any equity interests in the Project Company and the Company will indirectly hold 100% equity interests in the Project Company.

INFORMATION ON THE PARTIES

Ningbo Meishan

Ningbo Meishan is an indirectly wholly-owned subsidiary of the Company established under laws of the PRC with limited liability on 28 June 2017. Ningbo Meishan is principally engaged in property development business.

Meishan Midea

Meishan Midea is an indirectly wholly-owned subsidiary of the Company established under laws of the PRC with limited liability on 14 December 2011. Meishan Midea is principally engaged in property development business. As at the date of this announcement, Meishan Midea and Hangzhou Lixuan each holds 50% equity interests in the Project Company.

The Group

The Company is an investment holding company. The Group is a large national property developer based in the PRC and operates the following major businesses: (i) property development and sales; (ii) property management services; (iii) investment and operation of commercial properties; and (iv) real estate technologies.

Hangzhou Lixuan

Hangzhou Lixuan was established under laws of the PRC with limited liability on 28 November 2017 and is principally engaged in investment holding. It is an indirectly wholly-owned subsidiary of KWG Group Holdings. KWG Group Holdings is a limited liability company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 1813). KWG Group Holdings is a large-scale property developer in the PRC with a leading position in the Greater Bay Area and is principally engaged in property development, property investment and hotel operation.

The Project Company

As at the date of this announcement, the Project Company is an indirectly non-wholly-owned subsidiary of the Company established under laws of the PRC with limited liability on 21 June 2019. It is engaged in the property development business in Ningbo City, Zhejiang Province of the PRC. As at the date of this announcement, the principal asset of the Project Company is a land situated at the Yinzhou District, Ningbo City with a total gross floor area of approximately 118,676.73 square meters. The land is developed for residential buildings for sale and the development project has been completed in December 2022.

Set out below is a summary of the key financial information of the Project Company for the two years ended 31 December 2022, which has been prepared in accordance with the PRC Accounting Standards:

	For the year ended 31 December 2021	For the year ended 31 December 2022
	<i>(approximate RMB million)</i>	<i>(approximate RMB million)</i>
Revenue	0	2,372.21
Audited profit before tax	8.84	462.79
Audited profit after tax	6.62	347.02

The unaudited net asset value of the Project Company as at 31 December 2023 prepared in accordance with the PRC Accounting Standards was approximately RMB1,133,055,000.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Group is a large national property developer based in the PRC. The Transaction aims to: (i) enable the Group to focus on its regional competitive advantage by implementing the Company's business philosophy and expand its brand impact; and (ii) increase the Group's equity interests in the Project Company to further strengthen management efficiency and to enhance returns to the Shareholders.

The Directors are of the view that the Equity Transfer Agreement has been entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and that the terms of such agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Project Company is an indirectly non-wholly owned subsidiary of the Company and Hangzhou Lixuan holds 50% equity interests in the Project Company. Accordingly, Hangzhou Lixuan is a substantial shareholder of the Project Company. However, since the Project Company is an insignificant subsidiary of the Company, Hangzhou Lixuan is not regarded as a connected person of the Company pursuant to Rule 14A.09 of the Listing Rules. Therefore, the entry of the Equity Transfer Agreement and the Transaction does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Midea Real Estate Holding Limited (美的置業控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 3990)
“Completion”	the Completion of the transfer of the Sale Interests
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 9 January 2024 entered into by and among Ningbo Meishan, Hangzhou Lixuan, Meishan Midea and the Project Company
“Group”	the Company and its subsidiaries

“Hangzhou Lixuan”	Hangzhou Lixuan Commerce Services Limited* (杭州利烜商務服務有限公司), being an indirectly wholly-owned subsidiary of the KWG Group Holdings and was established under laws of the PRC with limited liability on 28 November 2017
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of, and not connected with, the Company and its connected persons
“KWG Group Holdings”	KWG Group Holdings Limited (合景泰富集團控股有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange (stock code: 1813)
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Meishan Midea”	Ningbo Meishan Midea Real Estate Development Limited* (寧波市梅山美的房地產發展有限公司), being an indirectly wholly-owned subsidiary of the Company and was established under laws of the PRC with limited liability on 14 December 2011
“Ningbo Meishan”	Ningbo Meishan Bonded Port Area Yongfeng Real Estate Development Limited* (寧波梅山保稅港區甬豐房地產開發有限公司), being an indirectly wholly-owned subsidiary of the Company and was established under laws of the PRC with limited liability on 28 June 2017
“Parties”	parties to the Equity Transfer Agreement, namely Ningbo Meishan, Hangzhou Lixuan, Meishan Midea and the Project Company
“PRC”	the People’s Republic of China
“PRC Accounting Standards”	the PRC Accounting Standards for Business Enterprises, as promulgated and, from time to time, amended or supplemented by the Ministry of Finance of the PRC
“Project Company”	Ningbo Meirui Real Estate Development Limited* (寧波市美睿房地產發展有限公司), being an indirectly non-wholly-owned subsidiary of the Company and was established under laws of the PRC with limited liability on 21 June 2019. As at the date of this announcement, it is owned as to 50% by each of Meishan Midea and Hangzhou Lixuan, respectively. Upon Completion, it shall be indirectly wholly-owned by the Company

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interests”	the entire equity interests held by Hangzhou Lixuan in the Project Company, representing 50% equity interests in the Project Company as at the date of this announcement, which shall be transferred by Hangzhou Lixuan to Ningbo Meishan pursuant to the Equity Transfer Agreement
“Shareholders”	holders of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the acquisition of 50% equity interests in the Project Company by Ningbo Meishan from Hangzhou Lixuan settled by Ningbo Meishan assuming a debt of RMB400 million owed by Hangzhou Lixuan to the Project Company pursuant to the Equity Transfer Agreement
“%”	per cent

In addition, the terms “connected person”, “connected transaction”, “insignificant subsidiary”, “percentage ratios”, “subsidiary” and “substantial shareholder” shall have the meanings ascribed to them under the Listing Rules.

The Chinese name of the PRC entity or Chinese term has been translated into English in this announcement for reference only. In the event of any discrepancies between the Chinese name of the PRC entity or Chinese term and its respective English translation, the Chinese version shall prevail.

By order of the Board
Midea Real Estate Holding Limited
Hao Hengle
Chairman, Executive Director and President

Hong Kong, 9 January 2024

As at the date of this announcement, the executive directors of the Company are Mr. Hao Hengle, Mr. Wang Quanhui, Mr. Lin Ge and Mr. Zhang Ziliang; the non-executive directors of the Company are Mr. He Jianfeng and Mr. Zhao Jun; and the independent non-executive directors of the Company are Mr. Tan Jinsong, Mr. O’Yang Wiley and Mr. Lu Qi.