
HISTORY AND REORGANIZATION

OUR HISTORY

Mr. Zhang Lei began his participation in the real estate business in around 1995 when he established Zhongji Real Estate Development Co., Ltd. (中際房地產開發有限公司) to provide real estate consultation services as well as deal with small-scale property development operations and such business ventures brought him financial success and industry experience for further business development in the property market. Our history traces back to 2000 when our first operating subsidiary, Beijing Modern, was established in Beijing in February 2000. Under the leadership of Mr. Zhang Lei, executive Director, founder and chairman, we have become a developer of sustainable and comfortable communities with strong capabilities in the R&D and integration of green energy-saving technologies. Mr. Salum Zheng Lee, the younger brother of Mr. Zhang Lei, is a passive investor of our Company and has not been actively involved in the management and operations of our Group and therefore he was not appointed to the Board or the senior management of the Company. Since our establishment, we have been promoting our “MOMA” brand in our business development.

As of March 31, 2013, we had a total of 14 property projects in the PRC at various stages of development, seven of which are located in Beijing and the rest of which are located in Taiyuan, Changsha, Nanchang, Jiujiang and Xiantao, the PRC respectively. In addition, we purchased a parcel of land with site area of approximately 48.471 acres (or equivalently to approximately 196,155.35 sq.m.) located in Pearland, Texas, U.S.. We intend to continue to expand our operations in new markets. We take into account a number of factors in selecting new markets for our expansion, such as economic growth, governmental policies and application of our technologies. We will also customize our sustainable communities according to local market conditions.

MAJOR EQUITY CHANGES IN MEMBERS OF OUR GROUP

1. Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on June 28, 2006 with authorized share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each. On June 28, 2006, one subscriber share of the Company was transferred from the initial subscriber, Offshore Incorporations (Cayman) Limited, to Modern Green Development Hong Kong and 49,999 ordinary shares of nominal value of US\$1.00 each were issued and allotted to Modern Green Development Hong Kong. On September 27, 2010, Modern Green Development Hong Kong transferred the entire issued share capital of our Company to Super Land at a consideration of US\$50,000, which was satisfied by cash. As part of the Reorganization, on May 27, 2011, Super Land transferred (i) 238 shares of our Company to Dragon Shing at the consideration of US\$238; (ii) 238 shares of our Company to Mel Creation at the consideration of US\$238; (iii) 206 shares of our Company to Zhou Ming at the consideration of US\$206; (iv) 206 shares of our Company to Create Success at the consideration of US\$206; and (v) 63 shares of our Company to Ocean Ray at the consideration of US\$63. The consideration with respect to such transfer of shares was

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arrived at based on the par value of the shares being transferred, which was satisfied by cash. Upon the completion of the transfers, our issued share capital was held as to 98.098% by Super Land, 0.476% by Dragon Shing, 0.476% by Mel Creation, 0.412% by Zhou Ming, 0.412% by Create Success and 0.126% by Ocean Ray. On June 14, 2013, we subdivided all our issued and unissued shares with nominal value of US\$1.00 each into 100 Shares of US\$0.01 each. On the same date, we increased our authorized share capital to US\$20,000,000 through the creation of 1,995,000,000 additional Shares.

2. Great Trade

Great Trade was incorporated in BVI on January 23, 2007 as one of the intermediate holding companies of our Group. On June 23, 2007, one ordinary share of nominal value US\$1.00, representing the entire issued share capital of Great Trade, was issued and allotted to Mr. He Jun (何軍) as trustee who held such share on trust for Mr. Salum Zheng Lee as beneficiary. On September 27, 2010, at the direction of Mr. Salum Zheng Lee, Mr. He Jun transferred such share of Great Trade to our Company at a consideration of US\$1.00.

3. Jiu Yun Development

Jiu Yun Development was incorporated in Hong Kong on December 28, 2007 as one of the intermediate holding companies of our Group. On December 28, 2007, 10,000 ordinary shares of nominal value of HK\$1.00 each, representing the entire issued share capital of Jiu Yun Development, were allotted to Great Trade.

4. Modern Moma Project Management

Modern Moma Project Management was established in the PRC as a sino-foreign equity joint venture on September 29, 2005 and at the time of its establishment, Modern Moma Project Management was held as to 40% by Modern Property and 60% by Karl Steiner AG. Karl Steiner AG is an Independent Third Party. Modern Moma Project Management is principally engaged in property development businesses.

Pursuant to an agreement dated November 26, 2008, Karl Steiner AG transferred its 60% equity interest in Modern Moma Project Management to Jiu Yun Development at a consideration of RMB1,500,000. Upon completion of such transfer, Modern Moma Project Management was held as to 40% by Modern Property and 60% by Jiu Yun Development. Karl Steiner AG at the relevant time belonged to the Steiner Group which is a renowned total services contractor based in Switzerland and engaged principally in developing and planning real estate projects and the manufacture and supply of building and joinery products. Our initial cooperation aimed at learning from experience and knowledge of Karl Steiner AG in project management. To the best knowledge of the Directors, Karl Steiner AG decided to focus on its own business development and disposed of its interest in Modern Moma Project Management.

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Pursuant to an agreement dated August 31, 2010, Modern Property transferred its 40% equity interest in Modern Moma Project Management to Jiu Yun Development at a consideration of RMB1,269,400. Upon completion of such transfer, Modern Moma Project Management became a wholly-owned subsidiary of Jiu Yun Development and Modern Moma Project Management was approved as a wholly foreign-owned enterprise.

5. Modern Oupulasi

Modern Oupulasi was established in the PRC as a sino-foreign equity joint venture on April 19, 2011 and at the time of establishment, Modern Oupulasi was held as to 55% by Modern Moma Project Management and 45% by O+ Design International Corporation (a company which is held as to approximately 6% by Modern Green Development). As O+ Design International Corporation holds 45% equity interest in and hence is a substantial shareholder of Modern Oupulasi, O+ Design International Corporation is a connected person of our Company. Modern Oupulasi is principally engaged in property development consultation businesses. As at the Latest Practicable Date, the legal representative of Modern Oupulasi is Mr. Ling Shengli, a member of our R&D department. The appointment of Mr. Ling Shengli as the legal representative was to develop management talent and enhance operation efficiency.

6. Modern Green Industrial

Modern Green Industrial was established in the PRC with limited liability on June 30, 2006 and at the time of establishment, Modern Green Industrial was held as to 95% by Modern Group and 5% by Modern Great Trade. Modern Green Industrial is principally engaged in property development businesses and energy-saving technical services. As at the Latest Practicable Date, the legal representative of Modern Green Industrial is Mr. Zhang Lei.

Pursuant to an agreement dated January 10, 2011, Modern Group and Modern Great Trade transferred their respective 95% and 5% equity interests in Modern Green Industrial to Modern Moma Project Management at considerations of RMB190,000,000 and RMB10,000,000, respectively. Upon completion of such transfer, Modern Green Industrial became a wholly-owned subsidiary of Modern Moma Project Management.

During the Track Record Period, Modern Group have been held as to 33% by Center Dragon Investment and 67% by Liao Yuan Technology.

7. Beijing Green Project

Beijing Green Project was established in the PRC with limited liability on February 15, 2011 and at the time of establishment, Beijing Green Project was wholly-owned by Modern Moma Project Management. Beijing Green Project was principally engaged in project management businesses.

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8. Modern Green Development

Modern Green Development was established in the PRC with limited liability on September 21, 2000 and at the time of establishment, Modern Green Development was held as to 75% by Modern Group and 25% by 北京鴻運置業股份有限公司 (Beijing Hongyun Property Co., Ltd.). Modern Green Development was principally engaged in property development businesses. Beijing Hongyun Property Co., Ltd. is an Independent Third Party.

Pursuant to an agreement dated April 18, 2003, Modern Group transferred its 75% equity interest in Modern Green Development to Modern Great Trade at a consideration of RMB90,000,000. On April 25, 2003, the registered capital of Modern Green Development was increased from RMB120,000,000 to RMB133,990,000 by way of capital injection. Upon completion of such transfer and capital injection, Modern Green Development was held as to 77.61% by Modern Great Trade and 22.39% by Beijing Hongyun Property Co., Ltd..

Pursuant to an agreement dated May 16, 2003, Modern Great Trade transferred its respective 6% and 3% equity interests in Modern Green Development to Mr. Han Fengguo and Mr. Chen Yin at considerations of RMB8,039,400 and RMB4,019,700, respectively. Upon completion of such transfers, Modern Green Development was held as to 68.61% by Modern Property, 22.39% by Beijing Hongyun Property Co., Ltd., 6% by Mr. Han Fengguo and 3% by Mr. Chen Yin. Mr. Han Fengguo is an Independent Third Party, and a minority Shareholder of our Company through Ocean Ray. Mr. Chen Yin is an executive Director, and hence a connected person of our Company. Mr. Chen Yin is also a minority Shareholder of our Company through Dragon Shing.

Pursuant to an agreement signed in August 7, 2006, Modern Great Trade transferred its 68.61% equity interest in Modern Green Development to Modern Green Industrial at a consideration of RMB91,930,000. Upon completion of such transfer, Modern Green Development was held as to 68.61% by Modern Green Industrial, 22.39% by Beijing Hongyun Property Co. Ltd., 6% by Mr. Han Fengguo and 3% by Mr. Chen Yin.

Pursuant to an agreement signed in September 12, 2006, Mr. Han Fengguo transferred his 6% equity interest in Modern Green Development to Modern Green Industrial at a consideration of RMB8,039,400. Upon completion of such transfer, Modern Green Development was held as to 74.61% by Modern Green Industrial, 22.39% by Beijing Hongyuan Property Co. Ltd. and 3% by Mr. Chen Yin.

Pursuant to an agreement dated January 2, 2008, Beijing Hongyuan Property Co. Ltd. transferred its 22.39% equity interest in Modern Green Development to Modern Green Industrial at a consideration of RMB131,981,200. Upon completion of such transfer, Modern Green Development was held as to 97% by Modern Green Industrial and 3% by Mr. Chen Yin.

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On January 29, 2008, the registered capital of Modern Green Development was increased from RMB133,990,000 to RMB445,033,200 by way of capital injection. Upon completion of such capital injection, Modern Green Development was held as to 99.1% by Modern Green Industrial and 0.9% by Mr. Chen Yin.

Pursuant to an agreement dated February 28, 2008, Modern Green Industrial transferred its respective 1.875%, 1.875%, 0.625%, 0.475%, 0.412%, 0.412% and 0.125% interests in Modern Green Development to Macro-Link, Mr. Zhang Lei, Mr. Jiang Peng, Mr. Li Jing, Mr. Fan Qingguo, Mr. Zhang Peng and Mr. Han Fengguo at considerations of RMB12,000,000, RMB2,089,500, RMB696,500, RMB4,200,000, RMB459,700, RMB459,700 and RMB1,800,000, respectively. On the same date, Mr. Chen Yin transferred its 0.425% equity interest in Modern Green Development to Modern Green Industrial at a consideration of RMB1,905,700. Upon completion of such transfers, Modern Green Development was held as to 93.726% by Modern Green Industrial, 1.875% by Macro-Link, 1.875% by Mr. Zhang Lei, 0.475% by Mr. Chen Yin, 0.475% by Mr. Li Jing, 0.412% by Mr. Zhang Peng, 0.625% by Mr. Jiang Peng, 0.412% by Mr. Fan Qingguo and 0.125% by Mr. Han Fengguo. Mr. Zhang Lei is an executive Director and our Controlling Shareholder, and hence a connected person of our Company. Mr. Li Jing is a member of our senior management and a minority Shareholder of our Company through Mel Creation. Mr. Zhang Peng is a member of our senior management and a minority Shareholder of our Company through Zhou Ming. Mr. Jiang Peng is an Independent Third Party. Mr. Fan Qingguo is an executive Director and hence a connected person of our Company. Mr. Fan Qingguo is also a minority Shareholder of our Company through Create Success.

Pursuant to an agreement dated May 3, 2010, Mr. Jiang Peng transferred his 0.625% equity interest in Modern Green Development to Modern Green Industrial at a consideration of RMB696,500. Upon completion of such transfer, Modern Green Development was held as to 94.351% by Modern Green Industrial, 1.875% by Macro-Link, 1.875% by Mr. Zhang Lei, 0.475% by Mr. Chen Yin, 0.475% by Mr. Li Jing, 0.412% by Mr. Zhang Peng, 0.412% by Mr. Fan Qingguo and 0.125% by Mr. Han Fengguo.

Pursuant to a framework agreement dated June 1, 2011 (“First Transfer Agreement”), Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng agreed to transfer their respective 1.875%, 0.475%, 0.475%, 0.412% and 0.412% equity interests in Modern Green Development to Beijing Green Project at aggregate considerations of RMB2,089,500, RMB4,200,000, RMB2,114,700, RMB459,700 and RMB459,700, respectively. According to the First Transfer Agreement, each of Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng agreed to transfer approximately 25% per year of their respective equity interests held by them in Modern Green Development during their course of employment, and separate execution agreements (collectively, the “Execution Agreements”) will be entered into between Beijing Green Project and Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng which will provide for the transfer of 25% of the equity interests that

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each of the respective transferors had agreed under the First Transfer Agreement. By an Execution Agreement dated June 1, 2011, Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng transferred their respective 0.4688%, 0.1188%, 0.1188%, 0.1030% and 0.1030% equity interests, or an aggregate of 0.9124% equity interest, in Modern Green Development to Beijing Green Project and such changes had been filed at the local administration for industry and commerce on June 2, 2011. By another Execution Agreement dated September 16, 2012, Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng further transferred their respective 0.4688%, 0.1188%, 0.1188%, 0.1030% and 0.1030% equity interests, or an another aggregate of 0.9124% equity interest, in Modern Green Development to Beijing Green Project and such changes had been filed at the local administration for industry and commerce on December 12, 2012. Pursuant to another transfer agreement dated June 1, 2011 (“Second Transfer Agreement”), Mr. Han Fengguo transferred his 0.125% equity interest in Modern Green Development to Beijing Green Project at a consideration of RMB1,800,000. Upon completion of such transfers, 1.8248% of the equity interest in Modern Green Development, representing approximately 50% of equity interests agreed to be transferred under the First Transfer Agreement and 100% of the shares agreed to be transferred under the Second Transfer Agreement, were transferred to Beijing Green Project. As of the Latest Practicable Date, another 0.9124% of the equity interest in Modern Green Development, representing approximately a further 25% of the equity interest agreed to be transferred under the First Transfer Agreement are in the course of being transferred to Beijing Green Project. Pursuant to the First Transfer Agreement, Beijing Green Project is entitled to the entire interest being transferred, and accordingly, Modern Green Development is regarded to be held as to 3.774% by Beijing Green Project from an accounting perspective. The remaining 94.351% and 1.875% are held by Modern Green Industrial and Macro-Link respectively.

Pursuant to an agreement dated December 6, 2012, Macro-Link transferred its 1.875% equity interest in Modern Green Development to Modern Green Industrial at a consideration of RMB53,280,000. Such consideration was determined after arm’s length negotiation between the relevant parties with reference to the net asset value of Modern Green Development. Upon completion of such transfer, Modern Green Development is held as to 96.226% by Modern Green Industrial and is regarded to be held as to the remaining 3.774% by Beijing Green Project from an accounting perspective.

9. Beijing Modern

Beijing Modern was established in the PRC with limited liability on February 15, 2000 and at the time of establishment, Beijing Modern was held as to 20% by Center Dragon Investment and 80% by Modern Group. Center Dragon Investment is a company controlled by Mr. Zhang Lei (an executive Director and our Controlling Shareholder), and hence a connected person of our Company. Beijing Modern is principally engaged in property development and sales businesses.

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Pursuant to an agreement dated June 10, 2000, Center Dragon Investment transferred its 20% equity interest in Beijing Modern to 北京住總正華建設工程有限責任公司 (Beijing Zhuzong Zhenghua Construction Co., Ltd.) at a consideration of RMB2,000,000. On June 22, 2000, the registered capital was increased from RMB10,000,000 to RMB60,000,000 by way of capital injection. Upon completion of such transfer and capital injection, Beijing Modern was held as to 20% by Beijing Zhuzong Zhenghua Construction Co., Ltd. and 80% by Modern Group. Beijing Zhuzong Zhenghua Construction Co., Ltd. is an Independent Third Party.

On February 1, 2000, Beijing Zhuzong Zhenghua Construction Co., Ltd. transferred its 20% equity interest in Beijing Modern to 湖南新華聯國際貿易有限公司 (Hunan Xinhua International Trade Co., Ltd.) at a consideration of RMB12,000,000 and Modern Group transferred its 10% equity interest in Beijing Modern to Mr. Li Jing at a consideration of RMB6,000,000. Upon the completion of such transfers, Beijing Modern was held as to 70% by Modern Group, 20% by Hunan Xinhua International Trade Co., Ltd. and 10% by Mr. Li Jing, respectively. Hunan Xinhua International Trade Co., Ltd. is an Independent Third Party. Mr. Li Jing was a member of our senior management, a minority Shareholder of our Company through Mel Creation.

Pursuant to an agreement dated April 18, 2003, Modern Group transferred its 70% equity interest in Beijing Modern to Modern Property at a consideration of RMB42,000,000. On the same date, Mr. Li Jing transferred his interest of RMB1,800,000 shares in the registered capital in Beijing Modern to Mr. Shi Limeng. Upon completion of such transfers, Beijing Modern was held as to 70% by Modern Property, 20% by Hunan Xinhua International Trade Co., Ltd., 7% by Mr. Li Jing and 3% by Mr. Shi Limeng. Mr. Shi Limeng is an Independent Third Party.

Pursuant to an agreement dated August 18, 2004, Hunan Xinhua International Trade Co., Ltd. transferred its 20% equity interest in Beijing Modern to Macro-Link at a consideration of RMB12,000,000. On the same date, Mr. Shi Limeng transferred its 3% equity interest in Beijing Modern to Mr. Han Fengguo at a consideration of RMB1,800,000. Upon completion of such transfers, Beijing Modern was held as to 70% by Modern Property, 20% by Macro-Link, 7% by Mr. Li Jing and 3% by Mr. Han Fengguo. Macro-Link is a minority shareholder holding 1.875% of Modern Green Development. Mr. Han Fengguo is an Independent Third Party, and a minority Shareholder of our Company through Ocean Ray.

Pursuant to an agreement dated August 3, 2006, Modern Property transferred its 70% equity interest in Beijing Modern to Modern Green Industrial at a consideration of RMB42,000,000. Upon completion of such transfer, Beijing Modern was held as to 70% by Modern Green Industrial, 20% by Macro-Link, 7% by Mr. Li Jing and 3% by Mr. Han Fengguo.

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Pursuant to an agreement dated January 11, 2008, Modern Green Industrial transferred its 70% equity interest in Beijing Modern to Modern Green Development at a consideration of RMB42,000,000. Upon completion of such transfer, Beijing Modern was held as to 70% by Modern Green Development, 20% by Macro-Link, 7% by Mr. Li Jing and 3% by Mr. Han Fengguo.

Pursuant to an agreement dated February 28, 2008 (the “Agreement”), Macro-Link, Mr. Han Fengguo and Mr. Li Jing transferred their respective 20%, 3% and 7% equity interests in Beijing Modern to Modern Green Development at considerations of RMB12,000,000, RMB1,800,000 and RMB4,200,000, respectively. As disclosed under “8. Modern Green Development” in this sub-section above, pursuant to an agreement dated February 28, 2008, among others, Modern Green Industrial transferred its 1.875% equity interest in Modern Green Development to Macro-Link at a consideration of RMB12,000,000. The consideration of RMB12,000,000 payable by Modern Green Development to Macro-Link had been settled by offsetting the amount of RMB12,000,000 due from Macro-Link to Modern Green Industrial. Accordingly, the consideration for the acquisition of 20% equity interest in Beijing Modern had been settled on February 28, 2008. As advised by the Company’s PRC legal advisers, the transfer of 20% equity interest in Beijing Modern had been completed in March 2008. On March 7, 2008, upon completion of such transfers, Beijing Modern became a wholly-owned subsidiary of Modern Green Development.

10. Beijing Dongjun

Beijing Dongjun was established in the PRC with limited liability on November 13, 2001 and at the time of establishment, Beijing Dongjun was held as to 80% by Mr. Qi Hong, 15% by Mr. Yang Heping and 5% by Mr. Wang Lei. Beijing Dongjun is principally engaged in property development and sales businesses. Mr. Qi Hong, Mr. Yang Heping and Mr. Wang Lei are Independent Third Parties.

On December 25, 2002, the registered capital of Beijing Dongjun was increased from RMB10,000,000 to RMB30,000,000 by way of capital injection.

Pursuant to an agreement dated April 13, 2005, Mr. Qi Hong, Mr. Yang Heping and Mr. Wang Lei transferred their respective interests of RMB18,000,000, RMB4,500,000 and RMB1,500,000 in Beijing Dongjun to 北京訊時通科技發展有限公司 (Beijing Xunshitong Technology Development Co., Ltd.). On the same date, Mr. Qi Hong transferred his interest of RMB3,000,000 in Beijing Dongjun to Mr. Zhou Huangjie. On April 14, 2005, upon completion of such transfers, Beijing Dongjun was held as to 80% by Beijing Xunshitong Technology Development Co., Ltd., 10% by Mr. Qi Hong, 10% by Mr. Zhou Huangjie. Both Beijing Xunshitong Technology Development Co., Ltd. and Mr. Zhou Huangjie are Independent Third Parties.

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Pursuant to an agreement dated May 9, 2005, Beijing Xunshitong Technology Development Co., Ltd. transferred its 80% equity interest in Beijing Dongjun to Modern Property at a consideration of RMB24,000,000. On the same date, Mr. Qi Hong and Mr. Zhou Huangjie transferred their respective 10% and 10% equity interests in Beijing Dongjun to Modern Great Trade at a consideration of RMB3,000,000 and RMB3,000,000, respectively. On June 8, 2005, upon completion of such transfers, Beijing Dongjun was held as to 80% by Modern Property and 20% by Modern Great Trade.

Pursuant to an agreement dated October 21, 2005, Modern Great Trade transferred its respective interest in the registered share capital of RMB300,000, RMB900,000, RMB1,800,000 and RMB3,000,000 in Beijing Dongjun to Mr. Wang Lei, 北京國泰君誠房地產諮詢有限公司 (Beijing Guotai Juncheng Real Estate Consulting Co., Ltd.), 北京恒佳恒企業管理有限公司 (Beijing Hengjiaheng Enterprise Management Co., Ltd.) and Modern Property. On December 7, 2005, upon completion of such transfers, Beijing Dongjun was held as to 90% by Modern Property, 6% by Beijing Hengjiaheng Enterprise Management Co., Ltd., 3% by Beijing Guotai Juncheng Real Estate Consulting Co., Ltd. and 1% by Mr. Wang Lei. Both Beijing Hengjiaheng Enterprise Management Co., Ltd. and Beijing Guotai Juncheng Real Estate Consulting Co., Ltd. are Independent Third Parties.

Pursuant to an agreement dated August 2, 2006, Modern Property transferred its 90% equity interest in Beijing Dongjun to Modern Green Industrial at a consideration of RMB27,000,000.

Pursuant to an agreement dated November 20, 2006, Beijing Hengjiaheng Enterprise Management Co., Ltd., Mr. Wang Lei and Beijing Guotai Juncheng Real Estate Consulting Co., Ltd. transferred their respective 6%, 3% and 1% equity interests to Modern Green Industrial at a consideration of RMB1,800,000, RMB900,000 and RMB300,000, respectively. On November 24, 2006, upon completion of such transfers, Beijing Dongjun became a wholly-owned subsidiary of Modern Green Industrial.

On October 31, 2007, the registered capital of Beijing Dongjun was increased from RMB30,000,000 to RMB569,000,000 by way of capital injection.

Pursuant to an agreement dated January 11, 2008, Modern Green Industrial transferred its 100% equity interest in Beijing Dongjun to Modern Green Development at a consideration of RMB569,000,000. Upon completion of such transfer on January 29, 2008, Beijing Dongjun became a wholly-owned subsidiary of Modern Green Development.

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11. Ao Xinjiyuan

Ao Xinjiyuan is established in the PRC with limited liability on May 30, 2002 and at the time of establishment, Ao Xinjiyuan was held as to 70% by 北京澳新紀元投資有限公司 (Beijing Ao Xinjiyuan Investment Co., Ltd.) and 30% by 北京金日房地產開發有限公司 (Beijing Jinri Real Estate Development Co., Ltd.). Both Beijing Ao Xinjiyuan Investment Co., Ltd. and Beijing Jinri Real Estate Development Co., Ltd. are Independent Third Parties. Ao Xinjiyuan is principally engaged in property development and sales businesses.

Pursuant to an agreement dated November 29, 2002, Beijing Ao Xinjiyuan Investment Co., Ltd. transferred its 35.7% equity interest in Ao Xinjiyuan to Modern Property at the consideration of RMB3,570,000. On the same date, Beijing Jinri Real Estate Development Co., Ltd. transferred its 30% equity interest in Ao Xinjiyuan to Modern Property at the consideration of RMB1,530,000. Upon completion of such transfers on December 3, 2002, Ao Xinjiyuan was held as to 51% by Modern Property, 34.3% by Beijing Ao Xinjiyuan Investment Co., Ltd. and 14.7% by Beijing Jinri Real Estate Development Co., Ltd.

On April 16, 2003, the registered capital of Ao Xinjiyuan was increased from RMB10,000,000 to RMB30,000,000 by way of capital injection.

Pursuant to an agreement dated April 19, 2004, Beijing Ao Xinjiyuan Investment Co., Ltd. and Beijing Jinri Real Estate Development Co., Ltd. transferred their respective 34.3% and 14.7% equity interests in Ao Xinjiyuan to 北京中際房地產開發有限責任公司 (Beijing Zhongji Real Estate Development Co., Ltd.) at considerations of RMB10,290,000 and RMB4,410,000, respectively. Upon completion of such transfers on April 21, 2004, Ao Xinjiyuan was held as to 51% by Modern Property and 49% by Beijing Zhongji Real Estate Development Co., Ltd.. Beijing Zhongji Real Estate Development Co., Ltd. is a company controlled by Mr. Zhang Lei (an executive Director and our Controlling Shareholder), and hence a connected person of our Company.

Pursuant to an agreement dated October 18, 2005, Beijing Zhongji Real Estate Development Co., Ltd. transferred its 40% equity interest in Ao Xinjiyuan to Modern Property at a consideration of RMB12,000,000. Upon completion of such transfer on November 28, 2005, Ao Xinjiyuan was held as to 91% by Modern Property and 9% by Beijing Zhongji Real Estate Development Co., Ltd..

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Pursuant to an agreement dated December 12, 2005, Beijing Zhongji Real Estate Development Co., Ltd. transferred its 3% equity interest in Ao Xinjiyuan to 北京恒佳恒企業管理有限公司 (Beijing Hengjiaheng Enterprise Management Co., Ltd.) and its 6% equity interest to 北京華商博聞諮詢有限公司 (Beijing Huashang Bowen Consulting Co., Ltd.) at considerations of RMB900,000 and RMB1,800,000, respectively. Upon completion of such transfers on December 12, 2005, Ao Xinjiyuan was held as to 91% by Modern Property, 3% by Beijing Hengjiaheng Enterprise Management Co., Ltd. and 6% by Beijing Huashang Bowen Consulting Co., Ltd. Both Beijing Hengjiaheng Enterprise Management Co., Ltd. and Beijing Huashang Bowen Consulting Co., Ltd. are Independent Third Parties.

Pursuant to an agreement dated August 7, 2006, Modern Property transferred its 91% equity interest in Ao Xinjiyuan to Modern Green Industrial at a consideration of RMB23,700,000. On the same date, Beijing Huashang Bowen Consulting Co., Ltd. transferred its 6% equity interest in Ao Xinjiyuan to 北京曉暢企業管理有限公司 (Beijing Xiaochang Enterprise Management Co., Ltd.) at a consideration of RMB1,800,000. Upon completion of such transfers on August 9, 2006, Ao Xinjiyuan was held as 91% by Modern Green Industrial, 3% by Beijing Hengjiaheng Enterprise Management Co., Ltd. and 6% by Beijing Xiaochang Enterprise Management Co., Ltd.. Beijing Xiaochang Enterprise Management Co., Ltd. is an Independent Third Party.

Pursuant to an agreement dated September 19, 2006, Beijing Hengjiaheng Enterprise Management Co., Ltd. transferred its 3% equity interest in Ao Xinjiyuan to Modern Green Industrial at a consideration of RMB900,000. Upon completion of such transfer on September 25, 2006, Ao Xinjiyuan was held as 94% by Modern Green Industrial and 6% by Beijing Xiaochang Enterprise Management Co., Ltd..

Pursuant to an agreement dated January 8, 2008, Modern Green Industrial transferred its 94% interest in Ao Xinjiyuan to Modern Green Development at a consideration of RMB28,200,000 and Beijing Xiaochang Enterprise Management Co., Ltd. transferred its 6% interest in Ao Xinjiyuan to Modern Green Development at a consideration of RMB1,800,000. Upon completion of such transfers on January 29, 2008, Ao Xinjiyuan became a wholly-owned subsidiary of Modern Green Development.

12. Beijing New Power

Beijing New Power was established in the PRC with limited liability on March 22, 2006 and at the time of establishment, Beijing New Power was held as to 60% by Beijing Modern Concentrating Wisdom and 40% by Modern Property. Beijing New Power is principally engaged in information technology development businesses.

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Pursuant to an agreement dated August 7, 2006, Beijing Modern Concentrating Wisdom transferred its 60% equity interest in Beijing New Power to Modern Green Industrial at a consideration of RMB18,000,000. On the same date, Modern Property transferred its 20% equity interest in Beijing New Power to Modern Green Industrial and 20% equity interest to Mr. Xue Zhifeng at a consideration of RMB6,000,000 and RMB6,000,000, respectively. Upon completion of such transfers on August 10, 2006, Beijing New Power was held as 80% by Modern Green Industrial and 20% by Mr. Xue Zhifeng. Mr. Xue Zhifeng is an Independent Third Party.

Pursuant to an agreement dated January 10, 2008, Modern Green Industrial transferred its 80% equity interest in Beijing New Power to Modern Green Development at a consideration of RMB24,000,000. Upon completion of such transfer on January 29, 2008, Beijing New Power was held as to 80% by Modern Green Development and 20% by Mr. Xue Zhifeng.

Pursuant to an agreement dated February 26, 2008, Mr. Xue Zhifeng transferred his 20% equity interest in Beijing New Power to Modern Green Development at a consideration of RMB6,000,000. Upon completion of such transfer on March 7, 2008, Beijing New Power became a wholly-owned subsidiary of Modern Green Development. Pursuant to an agreement dated September 30, 2012, Modern Green Development transferred its 100% equity interest in Beijing New Power to Beijing Green Project. Upon completion of such transfer, Beijing New Power became a wholly-owned subsidiary of Beijing Green Project.

13. Hunan Modern Green

Hunan Modern Green was established on September 14, 2005 and at the time of establishment, Hunan Modern Green was held as to 80% by Modern Property, 10% by Mr. Li Yaping and 10% by Mr. Zhu Faming. Both Mr. Li Yaping and Mr. Zhu Faming are Independent Third Parties. Hunan Modern Green is principally engaged in property development businesses.

Pursuant to an agreement dated May 12, 2006, Mr. Li Yaping transferred his 10% equity interest in Hunan Modern Green to 北京廣鑫華信諮詢有限公司 (Beijing Guangxin Huaxin Consulting Co., Ltd.) at a consideration of RMB3,000,000. Upon completion of such transfer on June 12, 2006, Hunan Modern Green was held as to 80% by Modern Property, 10% by Beijing Guangxin Huaxin Consulting Co., Ltd. and 10% by Mr. Zhu Faming. Beijing Guangxin Huaxin Consulting Co., Ltd. is a company controlled by Mr. Zhang Lei (an executive Director and our Controlling Shareholder), and hence a connected person of our Company.

Pursuant to an agreement dated August 3, 2006, Modern Property transferred its 80% equity interest in Hunan Modern Green to Modern Green Industrial at a consideration of RMB24,000,000. Upon completion of such transfer on August 16, 2006, Hunan Modern Green was held as to 80% by Modern Green Industrial, 10% by Beijing Guangxin Huaxin Consulting Co., Ltd. and 10% by Mr. Zhu Faming.

HISTORY AND REORGANIZATION

Pursuant to an agreement dated January 13, 2008, Modern Green Industrial transferred its 80% equity interest in Hunan Modern Green to Modern Green Development at a consideration of RMB24,000,000. Upon completion of such transfer on February 25, 2008, Hunan Modern Green was held as 80% by Modern Green Development, 10% by Beijing Guangxin Huaxin Consulting Co., Ltd. and 10% by Mr. Zhu Faming.

Pursuant to an agreement dated May 15, 2008, Beijing Guangxin Huaxin Consulting Co., Ltd. and Mr. Zhu Faming transferred their respective equity interests of 10% to Modern Green Development, each at a consideration of RMB40,000,000. Upon completion of such transfers on June 13, 2008, Hunan Modern Green became a wholly-owned subsidiary of Modern Green Development.

On December 8, 2008, the registered capital of Hunan Modern Green was increased from RMB30,000,000 to RMB200,000,000 by way of capital injection.

14. Shanxi Modern Green Real Estate Development

Shanxi Modern Green Real Estate Development was established in the PRC with limited liability on August 16, 2007 and at the time of establishment, Shanxi Modern Green Real Estate Development was wholly-owned by Modern Green Industrial. Shanxi Modern Green Real Estate Development is principally engaged in property development and sales businesses.

Pursuant to an agreement dated February 15, 2008, Modern Green Industrial transferred its 100% equity interest in Shanxi Modern Green Real Estate Development to Modern Green Development at a consideration of RMB10,000,000. Upon completion of such transfer, Shanxi Modern Green Real Estate Development became a wholly-owned subsidiary of Modern Green Development.

On October 20, 2009, the registered capital of Shanxi Modern Green Real Estate Development was increased from RMB10,000,000 to RMB150,000,000 by way of capital injection.

15. Shanxi Modern Green Development

Shanxi Modern Green Development was established in the PRC with limited liability on August 16, 2007 and at the time of establishment, Shanxi Modern Green Development was wholly-owned by Modern Green Industrial. Shanxi Modern Green Development is principally engaged in property development and sales businesses.

Pursuant to an agreement dated February 15, 2008, Modern Green Industrial transferred its equity interest of RMB10,000,000 in Shanxi Modern Green Development to Modern Green Development. Upon completion of such transfer, Shanxi Modern Green Development became a wholly-owned subsidiary of Modern Green Development.

HISTORY AND REORGANIZATION

On December 16, 2008, the registered capital of Shanxi Modern Green Development was increased from RMB10,000,000 to RMB190,000,000 by way of capital injection.

16. Jiujiang Moma

Jiujiang Moma was established in the PRC with limited liability on December 21, 2010 and at the time of establishment, Jiujiang Moma was wholly-owned by Modern Green Development. Jiujiang Moma is principally engaged in property development and sales businesses.

Pursuant to a shareholders' resolution and an amendment to the constitution, both dated November 16, 2011, the registered capital of Jiujiang MOMA was increased from RMB30,000,000 to RMB140,000,000.

17. Hubei Moma

Hubei Moma was established in the PRC with limited liability on January 5, 2011 and at the time of establishment, Hubei Moma was wholly-owned by Modern Green Development. Hubei Moma is principally engaged in property development and sales businesses.

18. Jiangxi Modern Green

Jiangxi Modern Green was established on December 22, 2009 and at the time of establishment, Jiangxi Modern Green was wholly-owned by Modern Green Development. Jiangxi Modern Green is principally engaged in property development and sales businesses. The legal representative of Jiangxi Modern Green is Mr. Zhang Shihong, a team leader of the R&D department. The appointment of Mr. Zhang as the legal representative was to develop management talent and enhance operation efficiency.

In March 2011, Modern Green Development entered into a cooperation agreement with Zhong Cheng Trust pursuant to which, among others, Modern Green Development agreed to transfer its 49% equity interest and pledge its remaining 51% equity interest in Jiangxi Modern Green to Zhong Cheng Trust. Simultaneously, Modern Green Development agreed to repurchase and Zhong Cheng Trust agreed to sell the 49% equity interest in Jiangxi Modern Green at the end of a two-year term under the said cooperation agreement. Pursuant to an agreement dated March 8, 2011, Modern Green Development transferred its 49% interest in Jiangxi Modern Green to Zhong Cheng Trust at a consideration of RMB88,200,000. Upon completion of such transfer on March 9, 2011, Jiangxi Modern Green was held as to 51% by Modern Green Development and 49% by Zhong Cheng Trust. Pursuant to a subsequent agreement, Modern Green Development repurchased 49% equity interest in Jiangxi Modern Green from Zhong Cheng Trust at a consideration of RMB88,200,000. Upon completion of such transfer on January 9, 2013, Jiangxi Modern Green became wholly-owned by Modern Green Development.

HISTORY AND REORGANIZATION

19. Hubei Wanxing

Hubei Wanxing was established in the PRC with limited liability on January 27, 2010 and at the time of establishment, Hubei Wanxing was held as to 30% by Mr. Yu Xiaohua, 21% by Mr. Yu Xiaoming, 29% by Mr. Zheng Jianming, 10% by Ms. Wu Lezhi and 10% by Mr. Wang Wensheng. Hubei Wanxing is principally engaged in property development businesses.

Pursuant to a share transfer agreement dated January 25, 2011, Mr. Yu Xiaohua, Mr. Yu Xiaoming, Mr. Zheng Jianming, Ms. Wu Lezhi and Mr. Wang Wensheng (together as “transferors”) agreed to transfer 30%, 21%, 29%, 10% and 10% equity interests in Hubei Wanxing to Beijing Modern and Modern Green Development or any other parties as may be nominated by them (together as “transferees”) at an aggregate consideration of RMB328,351,500, comprising a consideration of RMB266,681,500 and the individual income tax of RMB61,670,000, which was imposed on the sellers in relation to the relevant transfer of the entire interest in Hubei Wanxing, which we undertook to pay under the share transfer agreement, was arrived at on an arm’s length basis. According to the share transfer agreement, the transfer of equity interests in Hubei Wanxing was to be completed in stages in order to allow sufficient time for our Group to conduct due diligence on Hubei Wanxing and its property development project and for the original shareholders to facilitate the transfer and the respective filings in respect of the remaining equity interests since assistance of the vendor/transferor (who would remain as shareholder after the initial transfer) is required for the subsequent transfer and filing of the remaining equity interests. At the direction of the transferees pursuant to the share transfer agreement, 40% equity interest in Hubei Wanxing was transferred to Beijing Modern on April 8, 2011. Upon the completion of the share transfer on April 8, 2011, Hubei Wanxing was held as to 11% by Mr. Yu Xiaoming, 19% by Mr. Zheng Jianming, 30% by Mr. Yu Xiaohua and 40% by Beijing Modern. As advised by our PRC legal advisors, Mr. Yu Xiaoming, Mr. Zheng Jianming and Mr. Yu Xiaohua had valid and proper title to the then outstanding 60% equity interests in Hubei Wanxing as of June 30, 2011.

At the direction of the transferees pursuant to the share transfer agreement, each of Mr. Yu Xiaoming, Mr. Zheng Jianming and Mr. Yu Xiaohua entered into a further share transfer agreement dated September 15, 2011 with Beijing Modern to transfer 11%, 19% and 30% equity interest in Hubei Wanxing respectively. Upon completion of such transfers on October 8, 2011, Hubei Wanxing became a wholly-owned subsidiary of Beijing Modern. Such transfers do not require any approval from the authority but have to be filed with the Administration for Industry and Commerce.

20. Hubei Modern

Hubei Modern was established in the PRC with limited liability on April 14, 2011 and at the time of establishment, Hubei Modern was wholly-owned by Modern Green Development. Hubei Modern is principally engaged in property management and sales businesses. The legal representative of Hubei Modern is Mr. Zhong Tianxiang.

HISTORY AND REORGANIZATION

21. Modern Moma Hotel Management

Modern Moma Hotel Management was established in the PRC with limited liability on September 6, 2011 and at the time of establishment, Modern Moma Hotel Management was wholly-owned by Modern Green Development. Modern Moma Hotel Management currently has no business operations and will be principally engaged in the operation and management of the serviced apartments of our property projects.

22. Beijing Green Power

Beijing Green Power was established in the PRC with limited liability on April 22, 2013 and at the time of establishment, Beijing Green Power was wholly-owned by Beijing Green Project. Beijing Green Power currently has no business operations.

23. AMG Holding

AMG Holding was incorporated under the laws of the State of Delaware on June 8, 2012 and is authorized to issue five thousand (5,000) shares of common stock with a par value US\$0.001. After its incorporation, Modern Green Development Co., Ltd. became the initial and sole shareholder of AMG Holding on July 1, 2012, holding a total of 100 shares of common stock. AMG Holding is principally engaged in the real estate investment business.

24. AMG Commercial

AMG Commercial was formed as a limited liability company under the laws of the State of Texas on February 1, 2013. After its formation, AMG Holding became the initial member on February 8, 2013, holding 100% of the issued and outstanding membership interest in AMG Commercial. AMG Commercial is principally engaged in the development of commercial real estate.

25. AMG Development

AMG Development was incorporated under the laws of the State of Delaware on June 8, 2012 and is authorized to issue five thousand (5,000) shares of common stock with a par value US\$0.001. After its incorporation, AMG Holding became the initial and sole shareholder of AMG Development on July 1, 2012, holding a total of 100 shares of common stock. AMG Development is principally engaged in the real estate investment business.

HISTORY AND REORGANIZATION

26. AMG Development Houston

AMG Development Houston was formed as a limited liability company under the laws of the State of Texas on October 15, 2012. After its formation, AMG Development Texas became the initial member on October 19, 2012, holding 100% of the issued and outstanding membership interest in AMG Development Houston. AMG Development Houston is principally engaged in the real estate development business.

27. AMG Development Texas

AMG Development Texas was incorporated under the laws of the State of Texas on October 15, 2012 and is authorized to issue ten thousand (10,000) shares of common stock with no par value. After its incorporation, AMG Holding became the initial and sole shareholder of AMG Development Texas on October 19, 2012, holding a total of 100 shares of common stock. Subsequently, on or about November 1, 2012, AMG Holding transferred and assigned its shares in AMG Development Texas to Modern Green Development Co., Ltd. AMG Development Texas is principally engaged in the real estate investment business.

28. AMG Holding Houston

AMG Holding Houston was incorporated under the laws of the State of Texas on January 29, 2013 and is authorized to issue ten thousand (10,000) shares of common stock with no par value. After its incorporation, AMG Holding became the initial and sole shareholder of AMG Holding Houston on January 30, 2013, holding a total of 100 shares of common stock. Subsequently, on or about January 31, 2013, AMG Holding transferred and assigned its shares in AMG Holding Houston to Modern Green Development Co., Ltd. AMG Holding Houston is principally engaged in the real estate investment business.

29. AMG Senior

AMG Senior was formed as a limited liability company under the laws of the State of Texas on February 1, 2013. After its formation, AMG Holding Houston became the initial member on February 8, 2013, holding 100% of the issued and outstanding membership interest in AMG Senior. AMG Senior is principally engaged in the development of commercial real estate.

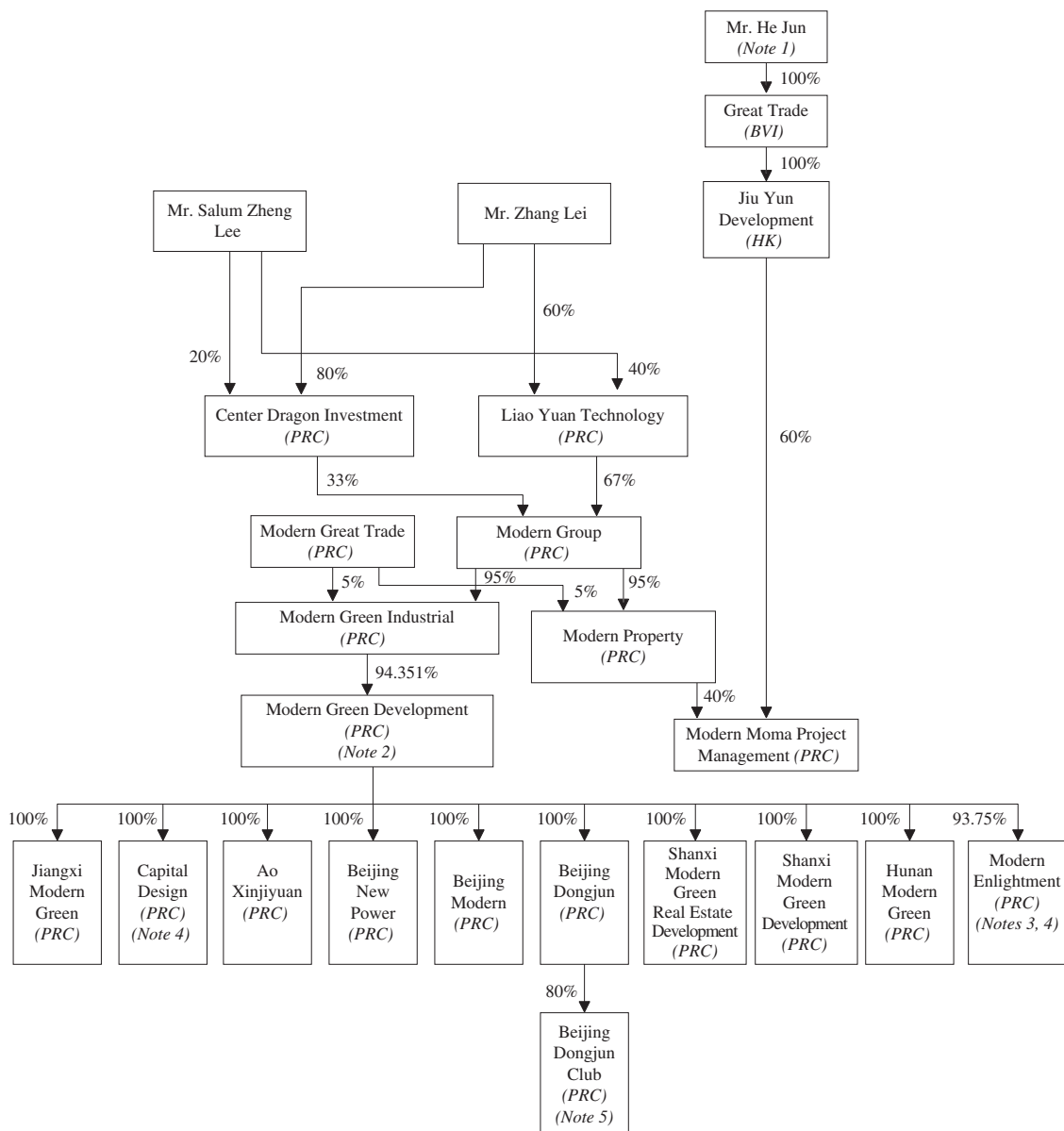
30. AMG Washington DC

AMG Washington DC was formed as a limited liability company under the laws of the State of Delaware on June 8, 2012. After its formation, AMG Development became the initial member on July 1, 2013, holding 100% of the issued and outstanding membership interest in AMG Washington DC. AMG Washington DC is principally engaged in the development of commercial real estate.

HISTORY AND REORGANIZATION

REORGANIZATION

In 2010, we commenced the Reorganization in preparation for the Global Offering. Prior to the Reorganization, our PRC operations were held by Modern Green Development, a subsidiary of Modern Green Industrial, which is ultimately held by Mr. Salum Zheng Lee and Mr. Zhang Lei. The corporate structure of our Group immediately prior to the Reorganization was as follows:



Notes:

- At the relevant time, the entire issued share capital of Great Trade was held on trust by Mr. He Jun as the trustee for Mr. Salum Zheng Lee. Mr. He Jun has acted as the trustee for Mr. Salum Zheng Lee since the incorporation of Great Trade.
- At the relevant time, the remaining 5.649% equity interest in Modern Green Development was held by Macro-Link, Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo, Mr. Zhang Peng and Mr. Han Fengguo as to 1.875%, 1.875%, 0.475%, 0.475%, 0.412%, 0.412% and 0.125%, respectively.

HISTORY AND REORGANIZATION

3. At the relevant time, the remaining 6.25% of the equity interest in Modern Enlightenment was held by Mr. Zhong Tianxiang.
4. Capital Design and Modern Enlightenment ceased to be subsidiaries of Modern Green Development on May 31, 2010 and November 12, 2010, respectively.
5. The remaining 20% equity interest in Beijing Dongjun Club was held by 北京通達致遠物業管理有限公司 (Beijing Tongda Zhiyuan Property Management Co., Ltd.) and was transferred to First Moma Asset pursuant to a share transfer agreement dated June 18, 2011. The 80% equity interest in Beijing Dongjun Club held by Beijing Dongjun was transferred to First Moma Asset pursuant to a share transfer agreement dated June 18, 2011.

Transfer of shares of our Company

On September 27, 2010, Modern Green Development Hong Kong transferred the entire issued share capital of our Company to Super Land at a consideration of US\$50,000 which was satisfied by cash. The consideration was arrived at based on the par value of the shares being transferred.

Transfer of Shares of Great Trade

On September 27, 2010, Mr. He Jun transferred 1 ordinary share of nominal value US\$1.00, representing the entire issued share capital of Great Trade at the relevant time to our Company at a consideration of US\$1.00 which was satisfied by cash. The consideration was arrived at based on the par value of the shares being transferred.

Restructuring of Center Dragon Investment and Liao Yuan Technology

At the time of establishment, Center Dragon Investment was owned as to 80% by Mr. Zhang Lei and 20% by Mr. Salum Zheng Lee. At the time of establishment, Liao Yuan Technology was owned as to 60% by Mr. Zhang Lei and 40% by Mr. Salum Zheng Lee. Center Dragon Investment held 33% equity interest and Liao Yuan Technology held 67% equity interest in Modern Group, which held 95% equity interest in Modern Green Industrial and 95% equity interest in Modern Property. As part of the reorganization of Mr. Salum Zheng Lee's shareholding structure in our Group, on October 9, 2010, Mr. Salum Zheng Lee transferred to Ms. Zhang Xinyu, the daughter of Mr. Zhang Lei (i) his 20% equity interest in Center Dragon Investment at a consideration of RMB600,000, and (ii) his 40% equity interest in Liao Yuan Technology at a consideration of RMB2,400,000. Each of the consideration was arrived at based on the respective registered capital of Center Dragon Investment and Liao Yuan Technology at the relevant time.

HISTORY AND REORGANIZATION

Acquisition of Modern Moma Project Management

Pursuant to an agreement dated August 31, 2010, Jiu Yun Development acquired the remaining 40% equity interest in Modern Moma Project Management from Modern Property at a consideration of RMB1,269,400, which was determined by reference to the net asset value of Modern Moma Project Management at the relevant time. Upon completion of the transfer, Modern Moma Project Management became a wholly-owned subsidiary of Jiu Yun Development and Modern Moma Project Management was approved as a wholly foreign-owned enterprise in September 2010.

Disposal of certain PRC companies

As part of the Reorganization and in preparation for the Listing, we have undertaken the restructuring of our PRC companies. Certain PRC companies of our Group were disposed of.

Disposal of PRC companies

- Pursuant to an agreement dated April 21, 2010, Modern Green Development transferred its 100% equity interest in Capital Design, being 50% equity interest respectively to each of Mr. Li Yingxu and Mr. Han Xiaohang, who are Independent Third Parties, at an aggregate consideration of RMB3,000,000. Capital Design was responsible for the design of architectural technology and specialized systems in our Group and was disposed of for the purposes of integration of our R&D and to simplify our Group structure.
- Pursuant to an agreement dated November 12, 2010 made between Modern Green Development and Beijing Moma Investment and an agreement dated November 12, 2010 made between Mr. Zhong Tianxiang and Beijing Moma Investment, Modern Green Development transferred its 93.75% equity interest in Modern Enlightenment and Mr. Zhong Tianxiang transferred his 6.25% equity interest in Modern Enlightenment to Beijing Moma Investment, respectively, who is a connected person of our Company, at considerations of RMB1,200,000 and RMB80,000 respectively, which were determined with reference to the net asset value of Modern Enlightenment at the relevant time. Modern Enlightenment was responsible for the research and development of building automation system and intelligent household products, design and building services in our Group and was disposed for the purposes of integration of our R&D and to simplify our Group structure. Our Group recorded a net gain of approximately RMB2,534,000 with respect to the disposal of our 93.75% equity interest in Modern Enlightenment. In view of the above, including the basis of the consideration being determined with reference to the net asset value as well as the purposes of the disposal, the Directors and the Sole Sponsor are of the view that the disposal of Modern Enlightenment is fair and reasonable.

HISTORY AND REORGANIZATION

- Pursuant to an agreement dated June 18, 2011 made between Beijing Dongjun and First Moma Asset and an agreement date June 18, 2011 made between 北京通達致遠物業管理有限公司 (Beijing Tongda Zhiyuan Property Management Co., Ltd.) (“Beijing Tongda”), Beijing Dongjun transferred its 80% equity interest in Beijing Dongjun Club to First Moma Asset and Beijing Tongda transferred its 20% equity interest in Beijing Dongjun Club to First Moma Asset, respectively, who is a connected person of our Company, at considerations of RMB400,000 and RMB100,000 respectively, which were determined with reference to the registered capital of Beijing Dongjun Club. Beijing Dongjun Club was disposed of as its business operations of catering services at the time of the disposal would be inconsistent with the Group’s main operations after the Listing. Our Group recorded a net gain of approximately RMB2,400,000 with respect to the disposal of our 80% equity interest in Beijing Dongjun Club. In view of the above, including the basis of the consideration being determined with reference to the registered capital of Beijing Dongjun Club as well as the purpose of the disposal, the Directors and the Sole Sponsor are of the view that the disposal of Beijing Dongjun Club is fair and reasonable.

Acquisition of Hubei Wanxing

Equity interests in Hubei Wanxing were acquired in 2011. For details of such acquisitions, please refer to “History and Reorganization – Major Equity Changes in Members of our Group”.

Establishment of PRC companies

Jiujiang Moma, Hubei Moma, Hubei Modern and Modern Moma Hotel Management were incorporated as wholly-owned subsidiaries of Modern Green Development. Beijing Green Project was incorporated as a wholly-owned subsidiary of Modern Moma Project Management and Modern Oupulasi was incorporated as a non wholly-owned subsidiary of Modern Moma Project Management. Beijing Green Power was incorporated as a wholly-owned subsidiary of Beijing Green Project. For details of the incorporation of such PRC companies, please refer to “History and Reorganization – Major Equity Changes in Members of our Group”.

Disposal of Modern Moma and Suizhong Changlong

Modern Moma was wholly-owned by Modern Green Development prior to its disposal to Modern Investment Management in April 2013.

On March 15, 2011, Modern Moma (as transferee) entered into an agreement with Mr. Chen Long (as transferor), an Independent Third Party, to acquire the entire equity interest in Suizhong Changlong at an aggregate consideration of RMB147,500,000, comprising a consideration of RMB120,000,000 and the individual income tax of RMB27,500,000, which was imposed on the seller in relation to the relevant transfer of the entire interest in Suizhong Changlong, which Modern Moma undertook to pay under the share transfer agreement. The aggregate consideration was arrived at taking into consideration of the total value of the land held by Suizhong Changlong and on an arm’s length basis.

HISTORY AND REORGANIZATION

According to the share transfer agreement, the transfer of equity interests in Suizhong Changlong was to be completed in stages. Upon completion of the transfer of 40% equity interest on May 12, 2011, Suizhong Changlong was held as to 60% by Mr. Chen Long and 40% by Modern Moma. Pursuant to the relevant share transfer agreement and the shareholder's statement, Modern Moma is entitled to exercise control over the board of directors of Suizhong Changlong while Mr. Chen Long, who holds the outstanding 60% equity interest in Suizhong Changlong, is not entitled to any shareholder interests in Suizhong Changlong. Accordingly, Suizhong Changlong had been accounted for as a wholly-owned subsidiary of Modern Moma from an accounting perspective during the Track Record Period.

We acquired Suizhong Changlong which holds land use rights of certain parcels of land located in Suizhong County with the intention to develop the property project of Suizhong Yutingchun MOMA located in Liaoning Province, the PRC. Given that we did not have any other property development projects in the province, Suizhong Yutingchun MOMA was considered to be located at reasonable distances apart from our other projects. Due to the lack of the ancillary municipal facilities and road network planning adjustment of the development zone in which Suizhong Yutingchun MOMA is located, the commencement date of the construction of Suizhong Yutingchun MOMA had been delayed and, to the best knowledge of the Directors, having considered relevant official documents and other related documents in 2011 and in subsequent periods, and understood it was caused by the requirements for ancillary municipal facilities related to public utilities such as the supply of water and electricity and road networking planning of the development zone for driveway and auxiliary lanes, will likely be further postponed. The completion of the road network planning adjustment and implementation of the ancillary municipal facilities to be carried out by third parties are essential prior to commencement of construction of Suizhong Yutingchun MOMA. At this stage, the Directors have not been informed officially of any concrete time frame for the finalization and completion of the above arrangements despite the protracted delay in this regard. The Directors considered that it would not be prudent to proceed with the transfer of the remaining 60% equity interest in Suizhong Changlong without a definite construction timetable for Suizhong Yutingchun MOMA.

Having considered the protracted delay in the finalization of the necessary road planning adjustment and implementation of ancillary municipal facilities necessary for the commencement of construction of Suizhong Yutingchun MOMA, the uncertainty as to the development of Suizhong Yutingchun MOMA and the retention of Company's cash resources for prudent deployment, in April 2013, we disposed of Suizhong Yutingchun MOMA by way of disposal of all our equity interest in Modern Moma to Modern Investment Management (the "**Disposal**").

The Directors consider the disposal of Suizhong Yutingchun MOMA to a related entity is preferred over other parties under the current circumstances as such other parties if at all available, will likely negotiate for a consideration lower than the existing consideration for Disposal (explained below) given the uncertainty about the commencement of construction of Suizhong Yutingchun MOMA and will encounter difficulty in finalizing the disposal prior to Listing.

HISTORY AND REORGANIZATION

The consideration of the Disposal is approximately RMB110.4 million, being the sum of the paid-in capital of Modern Moma of RMB10.0 million as of February 28, 2013 and the outstanding loans in aggregate of approximately RMB100.4 million due to the group entities by Modern Moma. The unaudited consolidated net asset value of Modern Moma consisted of its major assets namely the cost of the parcel of land for Suizhong Yutingchun MOMA offset to an extent by amount due to the Group, the outstanding consideration for the transfer of 60% equity interest in Suizhong Changlong and amount due to shareholder of Suizhong Changlong. The consideration for the Disposal including the costs of the parcel of land for Suizhong Yutingchun MOMA is not lower than the independent valuation, on the basis asset-based approach, with a focus on the fair market value of its total assets minus its total liabilities by an independent and qualified valuer in the PRC. The consideration for the Disposal has been settled by cash in full by Modern Investment Management prior to Listing.

In addition, the PRC legal advisor to the Company has reviewed the relevant agreements in connection with the Disposal and is of the view that the Disposal is legally binding and enforceable and does not contravene any applicable PRC laws and regulations.

In view of the above, the Directors consider the Disposal and consideration of which are fair and reasonable.

Since the construction of Suizhong Yutingchun MOMA has not yet commenced, we had not made any material investment in the project. The Directors therefore consider that the Disposal will not result in any material adverse impact to us having considered in particular the undeveloped status of the project and that no immediate cash flows are scheduled to be derived from it.

The consideration for the Disposal, based on the value of independent valuation as of February 28, 2013, represents approximately 1.3% of the audited consolidated total asset value of the Company as of December 31, 2012 and approximately 1.1% of the capital value of our properties as of March 31, 2013, and is therefore not considered by the Directors as a material disposal. The planned GFA of Suizhong Yutingchun MOMA is currently expected to be approximately 527,021 sq.m. which is not significant in comparison with the total GFA of the Group's projects of approximately 4,026,769 sq.m. as of March 31, 2013. The profit from completion of the Disposal is not expected to be significant and will be recorded in consolidated financial statement of the Company for the financial year ending December 31, 2013.

Restructuring of Modern Green Industrial

Pursuant to an agreement dated January 10, 2011 made between Modern Group and Modern Great Trade as transferors and Modern Moma Project Management as transferee, Modern Group and Modern Great Trade transferred their respective 95% and 5% equity interests in Modern Green Industrial to Modern Moma Project Management at considerations of RMB190,000,000 and RMB10,000,000, respectively, which was arrived at based on the registered capital of Modern Green Industrial. Upon completion of the acquisition of Modern Green Industrial, Modern Green Industrial became a wholly-owned subsidiary of Modern Moma Project Management and we became the ultimate holding company of all the operating subsidiaries of our Group.

HISTORY AND REORGANIZATION

Restructuring of Modern Green Development

We conducted the following restructuring of Modern Green Development in order to consolidate the shareholding of Modern Green Development as a wholly-owned subsidiary of our Group for the purpose of the Listing.

Prior to the Reorganisation, Modern Green Development was held as to 94.351% by Modern Green Industrial, 1.875% by Macro-Link, 1.875% by Mr. Zhang Lei, 0.475% by Mr. Chen Yin, 0.975% by Mr. Li Jing, 0.412% by Mr. Fan Qingguo, 0.412% by Mr. Zhang Peng and 0.125% by Mr. Han Fengguo, respectively. On June 1, 2011, Beijing Green Project, which was established for the purpose of acquisition of shares from Macro-Link, the Minority Shareholders and Mr. Han Fengguo, entered into a framework agreement with: (i) Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo, Mr. Zhang Peng to acquire 1.875%, 0.475%, 0.475%, 0.412% and 0.412% of the equity interest in Modern Green Development at aggregate considerations of RMB2,089,500, RMB4,200,000, RMB2,114,700, RMB459,700 and RMB459,700, respectively (the “First Transfer Agreement”). According to the First Transfer Agreement, each of Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng agreed to transfer approximately 25% per year of their respective equity interests held by them in Modern Green Development during their course of employment, and separate execution agreements (collectively, the “Execution Agreements”) will be entered into annually between Beijing Green Project and Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng which will provide for the transfer of 25% of the equity interests that each of the respective transferors had agreed under the First Transfer Agreement. By an Execution Agreement dated June 1, 2011, Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng transferred their respective 0.4688%, 0.1188%, 0.1188%, 0.1030% and 0.1030% equity interests, or an aggregate of 0.9124% equity interest, in Modern Green Development to Beijing Green Project and such changes had been filed at the local administration for industry and commerce on June 2, 2011. By another Execution Agreement dated September 16, 2012, Mr. Zhang Lei, Mr. Li Jing, Mr. Chen Yin, Mr. Fan Qingguo and Mr. Zhang Peng further transferred their respective 0.4688%, 0.1188%, 0.1188%, 0.1030% and 0.1030% equity interests, or an another aggregate of 0.9124% equity interest, in Modern Green Development to Beijing Green Project and such changes had been filed at the local administration for industry and commerce on December 12, 2012. Pursuant to another transfer agreement dated June 1, 2011 (“Second Transfer Agreement”), Mr. Han Fengguo transferred his 0.125% equity interest in Modern Green Development to Beijing Green Project at a consideration of RMB1,800,000. Upon completion of such transfers, 1.8248% of the equity interest in Modern Green Development, representing approximately 50% of equity interests agreed to be transferred under the First Transfer Agreement and 100% of the shares agreed to be transferred under the Second Transfer Agreement, were transferred to Beijing Green Project. As of the Latest Practicable Date, another 0.9124% of the equity interest in Modern Green Development, representing approximately a further 25% of the equity interest agreed to be transferred under the First Transfer Agreement are in the course of being transferred to Beijing Green Project. Pursuant to the First Transfer Agreement, Beijing Green Project is entitled to the entire interest being transferred, and accordingly, Modern Green Development is regarded to be held as to 3.774% by Beijing Green Project from an accounting perspective. The remaining 94.351% and 1.875% are held by Modern Green Industrial and Macro-Link respectively.

HISTORY AND REORGANIZATION

Pursuant to an agreement dated December 6, 2012, Macro-Link transferred its 1.875% equity interest in Modern Green Development to Modern Green Industrial at a consideration of RMB53,280,000. Upon completion of such transfer, Modern Green Development is held as to 96.226% by Modern Green Industrial and is regarded to be held as to the remaining 3.774% by Beijing Green Project from an accounting perspective.

Transfer of shares of the Company

On May 27, 2011, Super Land transferred (i) 238 shares of our Company to Mel Creation at the consideration of US\$238, (ii) 206 shares of our Company to Zhou Ming at the consideration of US\$206, and (iii) 206 shares to Create Success at the consideration of US\$206. Each of consideration with respect to the respective transfer of shares was arrived at based on the par value of the shares being transferred. The Directors confirm that the share transfers of Super Land to Mel Creation, Zhou Ming and Create Success, which are wholly-owned by Mr. Li Jing, Mr. Zhang Peng and Mr. Fan Qingguo (the “Employees”) respectively, were made in connection with the transfer of the equity interests in Modern Green Development to the Employees pursuant to an agreement dated February 28, 2008 (details of the share-based payment are set out in “Directors, Senior Management and Staff – Staff” in this prospectus) and subsequent share acquisitions from the Employees by Beijing Green Project together with the issue of shares of Super Land to the Employees in proportion to their respective original equity interests in Modern Green Development in mid-2011 as part of Reorganization. The share-based payment arrangement had been accounted for during the year ended December 31, 2008 as well as in the financial information for each of the years ended December 31, 2009, 2010 and 2011 and the six months ended June 30, 2012. Upon the completion of the share transfers in Super Land, Super Land, Modern Green Industrial and the Employees signed a memorandum to confirm the term of the service period as stated in the agreement dated February 28, 2008 remained valid. No additional share-based payment has been considered, taking into account of the immaterial financial impact between the original share transfer in February 2008 and the share transfer of Super Land in May 2011.

On May 27, 2011, Super Land also transferred (i) 238 shares of our Company to Dragon Shing at the consideration of US\$238 and (ii) 63 shares of our Company to Ocean Ray at the consideration of US\$63. The consideration with respect to such transfer of shares was arrived at based on the par value of the shares being transferred.

Upon the completion of the transfers, our issued share capital was held as to 98.098% by Super Land, 0.476% by Dragon Shing, 0.476% by Mel Creation, 0.412% by Zhou Ming, 0.412% by Create Success and 0.126% by Ocean Ray.

HISTORY AND REORGANIZATION

Declaration of Trust by Mr. Salum Zheng Lee

Super Land was incorporated in BVI on October 24, 2006 with one share of nominal value of US\$1.00 each allotted and issued to Mr. Salum Zheng Lee. By a deed of trust dated June 20, 2011, Mr. Salum Zheng Lee as trustee declared that the shares in Super Land registered in his name were held on trust as to 90% for Mr. Zhang Lei and the remaining 10% for himself. On June 28, 2011, the share capital of Super Land was subdivided into 50,000,000 shares of US\$0.001 each.

Mr. Salum Zheng Lee is the younger brother of Mr. Zhang Lei and a passive investor of our Company, he has not been actively involved in the management and operations of our Group. Save for his investment in our Company, Mr. Salum Zheng Lee does not currently have any other engagement or investment in any other active business activities. The trust arrangement was adopted for family planning purposes and as an interim measure in contemplation of the Listing as the trust arrangement provided an administratively convenient and flexible structure which facilitated succession planning by, and the preservation of family wealth for, the two Zhang brothers in relation to their interests in our Group. Mr. Zhang Lei, as an executive Director and founder of the Company, should focus on the management of the Group and the trust arrangement releases Mr. Zhang Lei of the administration of the trust arrangement while preserving his interests therein. It is in the interests of our Group and the two Zhang brothers to appoint, as an interim measure, Mr. Salum Zheng Lee as the trustee under the trust arrangement as he is a family member, the younger brother of Mr. Zhang Lei, a passive investor of the Company and has not been actively involved in the management and operations of our Group. Our PRC legal advisor is of the opinion that the trust arrangement does not violate any current PRC laws and regulations.

Establishment of the Family Trust

Pursuant to a trust deed dated September 7, 2012 (the “**Family Trust Deed**”), Mr. Salum Zheng Lee, as the settlor, established an irrevocable discretionary Family Trust for succession planning purposes and to make provision for the beneficiaries of the Family Trust. Cititrust Singapore had been appointed to act as the trustee of the Family Trust on September 7, 2012, which had been retired and Cititrust Cayman had been appointed to act as the trustee of the Family Trust with effect from September 28, 2012. The Family Trust as constituted by the Family Trust Deed is governed by the laws of the Cayman Islands.

In connection with the Family Trust, (i) Mr. Zhang Lei transferred 900 ordinary shares of US\$0.001 each in the issued capital in Super Land, representing 90% of the entire issued capital of Super Land, to Fantastic Energy, by way of a deed of gift dated September 25, 2012 made between Mr. Zhang Lei and Fantastic Energy and accordingly, Mr. Zhang Lei is an asset contributor to the Family Trust; and (ii) Mr. Salum Zheng Lee transferred 100 ordinary shares of US\$0.001 each in the issued capital in Super Land, representing 10% of the entire issued capital of Super Land, to Fantastic Energy, by way of a deed of gift dated September 25, 2012 made between Mr. Salum Zheng Lee and Fantastic Energy. The aforementioned transfers were completed on September 25, 2012 and upon completion, Super Land became a wholly-owned subsidiary of Fantastic Energy forming part of the trust fund of the Family Trust.

HISTORY AND REORGANIZATION

The Family Trust is a discretionary trust. Each of Mr. Zhang Lei, Mr. Salum Zheng Lee and their family members are discretionary beneficiaries of the Family Trust and have not been, and will not be, fixed an entitlement to the trust assets until Cititrust Cayman makes distribution to them. As at the Latest Practicable Date, no instructions has been given to Cititrust Cayman to distribute the trust assets. Accordingly, the percentage interests in the Family Trust attributable to each of the beneficiaries of the Family Trust is not ascertainable. Nevertheless, Mr. Zhang Lei and Mr. Salum Zheng Lee will continue to be the Controlling Shareholders of the Company.

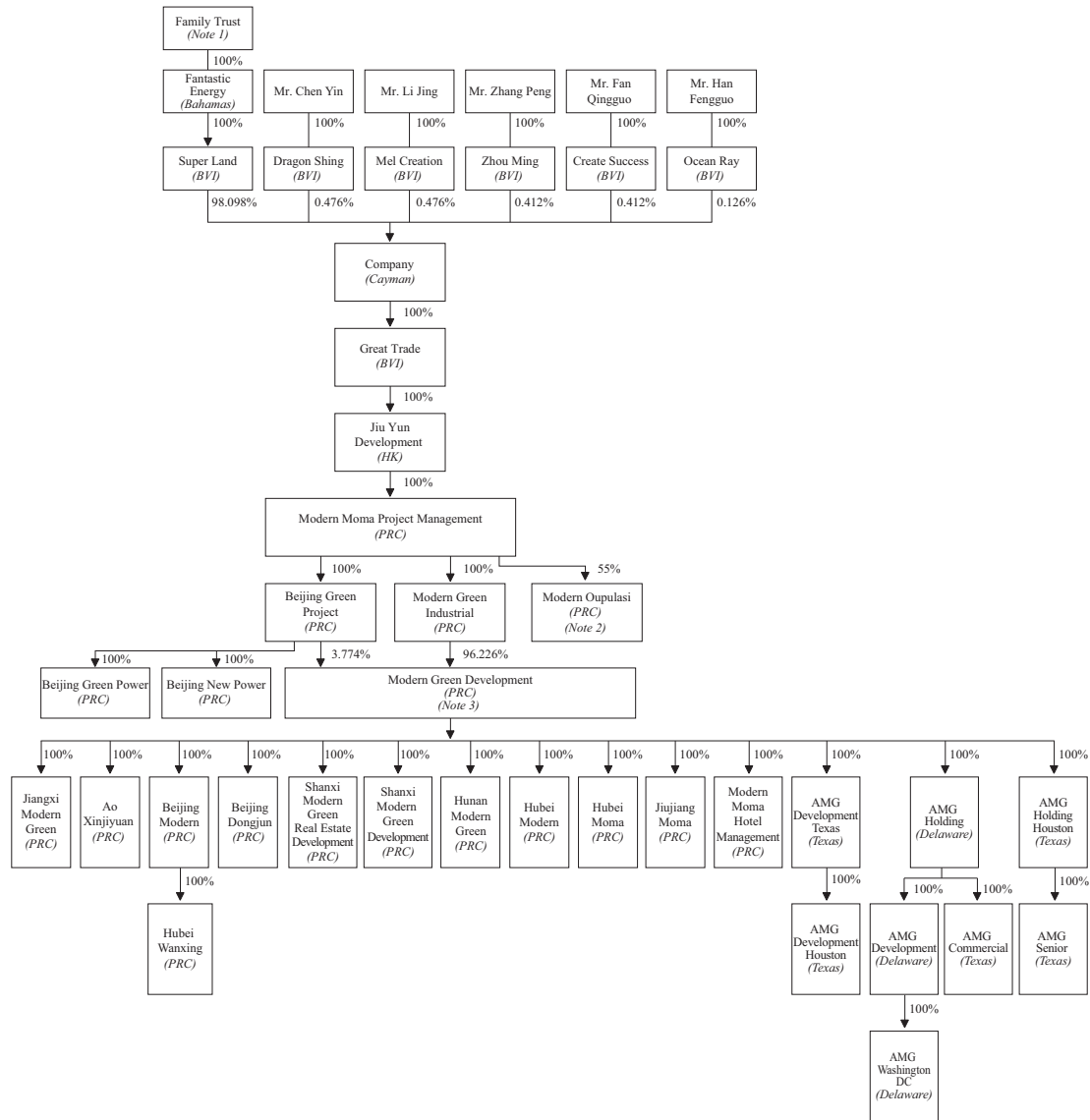
Restructuring of Beijing New Power

We conducted restructuring of Beijing New Power for clearer business delineation of the companies within our Group. Pursuant to an agreement dated September 30, 2012, Modern Green Development transferred its 100% equity interest in Beijing New Power to Beijing Green Project so as to focus the function of Modern Green Development as the intermediate holding company for property development. Upon completion of such transfer, Beijing New Power became a wholly-owned subsidiary of Beijing Green Project. Beijing New Power is principally engaged in new architectural technology consultation and other related R&D activities.

In order to maintain the management continuity of our Company after the Reorganization, Mr. Salum Zheng Lee has remained as an investor of the Company and has not become a member of the Board nor the senior management.

HISTORY AND REORGANIZATION

The following chart sets out the shareholding and corporate structure of our Group immediately before the completion of the Global Offering and the Capitalization Issue:



Notes:

1. The Family Trust is a discretionary trust established by Mr. Salum Zheng Lee as settlor and Cititrust, Cayman acting as the trustee. The beneficiaries of the Family Trust include Mr. Salum Zheng Lee, Mr. Zhang Lei and their family members.
2. The remaining 45% equity interest in Modern Oupulasi is held by O+ Design International Corporation.
3. Pursuant to the relevant transfer agreements, (i) the Minority Shareholders agreed to transfer an aggregate of 3.649% equity interest in Modern Green Development to Beijing Green Project, (ii) Mr. Han Fengguo agreed to transfer a 0.125% equity interest in Modern Green Development to Beijing Green Project and (iii) Macro-Link agreed to transfer its 1.875% equity interest in Modern Green Development to Modern Green Industrial. We are entitled to 100% equity interests in Modern Green Development (comprising 96.226% held by Modern Green Industrial and 3.774% held by Beijing Green Project upon completion of the share transfers) as of December 31, 2012 from an accounting perspective. As of the Latest Practicable Date, 50% of shares agreed to be transferred by the Minority Shareholders and 100% of the shares agreed to be transferred by Mr. Han Fengguo have been transferred to Beijing Green Project.

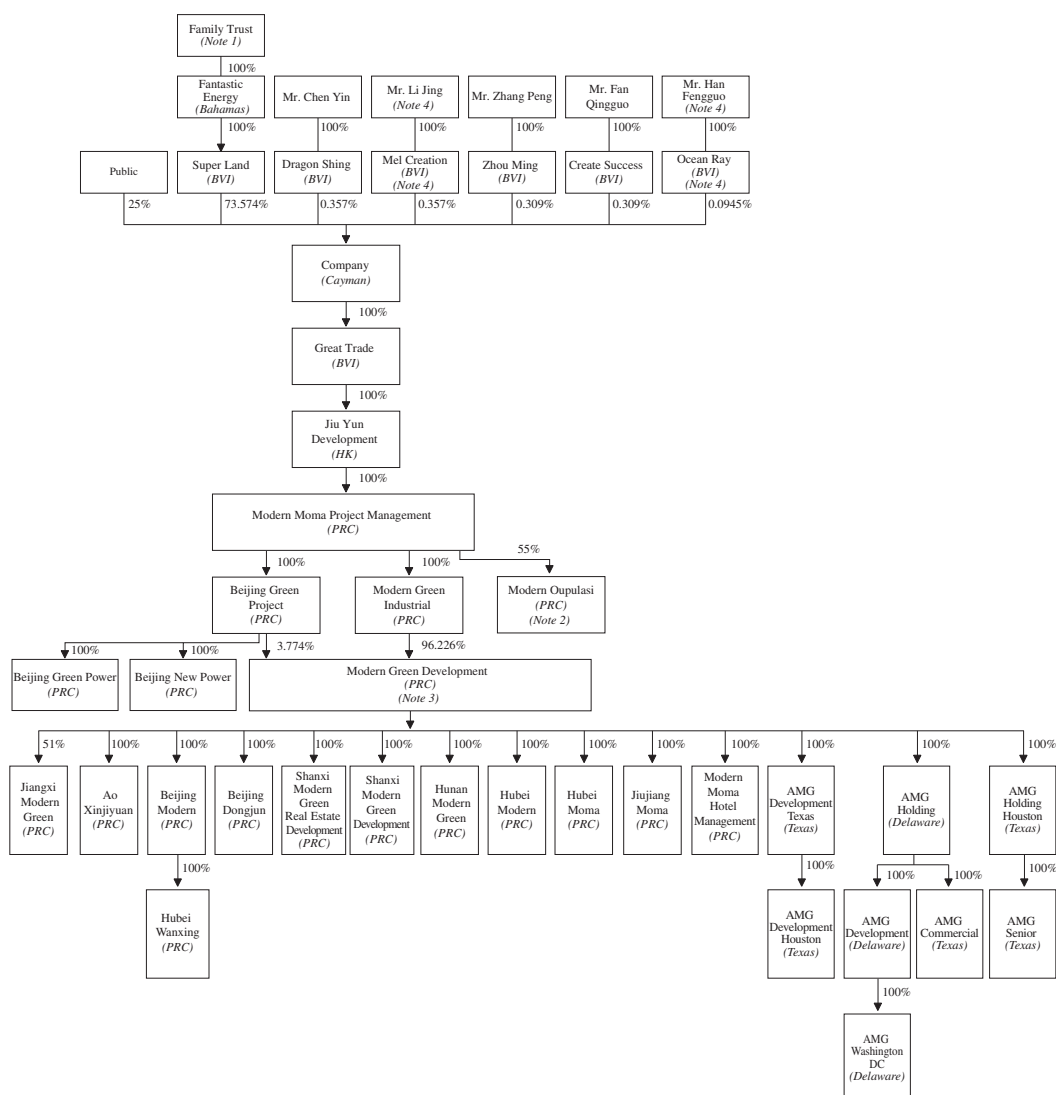
HISTORY AND REORGANIZATION

SUBDIVISION OF SHARES AND INCREASE OF AUTHORIZED SHARE CAPITAL

On June 14, 2013, we subdivided all our issued and unissued shares with nominal value of US\$1.00 each into 100 shares with nominal value of US\$0.01 each. On the same date, we increased our authorized share capital to US\$20,000,000 through the creation of 1,995,000,000 additional Shares.

CAPITALIZATION ISSUE

Conditional upon the crediting of our Company's share premium account as a result of the issue of the Offer Shares pursuant to the Global Offering, our Directors will be authorized to capitalize an amount of US\$11,950,000 standing to the credit of the share premium account of our Company by applying such sum towards the paying up in full at par a total of 1,195,000,000 Shares for allotment and issue to our Shareholders as of June 14, 2013, on a pro rata basis. The following chart sets forth our Group's corporate and shareholding structure after the Reorganization and upon completion of the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised):



HISTORY AND REORGANIZATION

Notes:

1. The Family Trust is a discretionary trust established by Mr. Salum Zheng Lee as settlor and Cititrust acting as the trustee. The beneficiaries of the Family Trust include Mr. Salum Zheng Lee, Mr. Zhang Lei and their family members.
2. The remaining 45% equity interest in Modern Oupulasi is held by O+ Design International Corporation.
3. Pursuant to the relevant transfer agreements, (i) the Minority Shareholders agreed to transfer an aggregate of 3.649% equity interest in Modern Green Development and (ii) Mr. Han Fengguo agreed to transfer a 0.125% equity interest in Modern Green Development to Beijing Green Project. We are entitled to 100% (comprising 96.226% held by Modern Green Industrial and 3.774% held by Beijing Green Project upon completion of the share transfers) as of December 31, 2012 from an accounting perspective. As of the Latest Practicable Date, 50% of shares agreed to be transferred by the Minority Shareholders and 100% of the shares agreed to be transferred by Mr. Han Fengguo have been transferred to Beijing Green Project.
4. The Shares held by Mr. Li Jing and Mr. Han Fengguo through Mel Creation and Ocean Ray respectively will be counted towards part of the public float as Mr. Li Jing, Mr. Han Fengguo, Mel Creation and Ocean Ray will not be connected person of the Company under the Listing Rules.

M&A RULES

On August 8, 2006, six PRC regulatory agencies, including MOFCOM, the State Assets Supervision and Administration Commission, the State Administration for Taxation, the SAIC, CSRC and SAFE, jointly issued the Regulations on 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 “M&A Rules”). The M&A Rules, which became effective on September 8, 2006 and were amended on June 22, 2009, require that, if an overseas company established or controlled by PRC domestic companies or citizens intends to acquire equity interest or assets of any other PRC domestic company affiliated with the PRC domestic companies or citizens, such acquisition must be submitted to MOFCOM, rather than local regulators, for approval. In addition, the M&A Rules require that an offshore special purpose vehicle formed for the purpose of overseas listing of the equity interests in PRC companies by way of share swap and controlled directly or indirectly by PRC persons to obtain the approval of CSRC, prior to the listing and trading of their securities on overseas stock exchanges. Our PRC legal advisor has advised us that the M&A Rules do not apply to our Reorganization and we are not required to apply to MOFCOM for approval of our Reorganization or submit to CSRC for approval of the Listing and trading of our Shares given that:

- (i) Modern Moma Project Management, the enterprise involved in our Reorganization, is a foreign investment company incorporated before the promulgation of the M&A Rules in 2006; and
- (ii) Modern Moma Project Management has completed the required legal filing procedures for its acquisition in Modern Green Industrial and was not required to apply for approval in accordance with the M&A Rules by the competent authorities.

HISTORY AND REORGANIZATION

Our PRC legal advisor further advises that it does not exclude the possibility of new contrary regulations or the interpretation of the M&A Rules promulgated by MOFCOM or other relevant authorities.

However, there is no assurance that MOFCOM and CSRC will not promulgate any rules in the future or take a view that is contrary to the above opinion of our PRC legal advisor. Please refer to “Risk Factors – Risks Relating to the PRC – Any requirement to obtain a prior approval from the China Securities Regulatory Commission could delay this offering, and a failure to obtain such approval, if required, could have a material adverse effect on our business and results of operations” in this prospectus.